

# POSITIVISM OR NORMATIVISM ECONOMICS:

## An Appraisal toward Islamic Economics Methodology

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### Abstract

*This paper endeavors to explore cotemporary epistemology of islamic economic schools classified into three categories: Baqir Sadr, Mainstream and alternative schools. These mainstreams have been applying difference approaches and paradigms to analyze islamic economics. This study shows that islamic economics has 'double-paradigm'. In this case, paradigm is a model or framework for observation and understanding, which shapes both what we see and how we understand it. this paradigms are offered by the muslim economists and also are exerted to understand the islamic economics problems in which the scientific problem in islamic economics is the occurred-gap between theories, norms and facts. Various paradigms of islamic economics — Subjectivism, Positivism, and Deterritorialism — are to understood and explained how the gap between norm and fact occurs in islamic economics. this gap is a complex challenge that must be understood and explained by applying a multi-discipliner approach.*

**Key Words:** *Epistemology, empiricism, normativism, Islamic economics, positivism*

### INTRODUCTION

Islamic economics is a moral economics. It is a major perspective of muslim economist when Islamic economics rebear (Rafiq 1999: 12). It makes the islamic ekonomics different from positivism economics, and socialism economics (Tripp 2006; Mughits 2003; Sadeq 1992). It is named as a moral economics because the ethic and moral foundations — Quran and *Hadith* — are believed as a consessus in the islamic economics. Both Quran and *Hadith* are acknowledged as two scientific sources for islamic economics. Syed Nawab Haider Naqvi wrote in his, *Islam, Economics, and Society*, that islamic economics is a set of methodology to understand and explain the muslim behavior in an islamic society. It is similar to the perspective of positivism economic. Indeed, the islamic economics is a normative discipline having an obvious difference from positivism economics (Naqvi 1994:13). Meanwhile Rafiq

Yunis al-Misry in his *Uṣūl al-iqtishād al-islāmī* understands that islamic economics is science of human strategies or ways to fufill necessary needs and will (al-Misry 1999:12). The main difference between the islamic economics and the positivism economics constantly consists on the assumption of economical problem.

Indeed, islamic economics is difference from positivism economics, which teaches the condition of scarcity, is the main attractor for human to get the maximum utility or take head in avoiding the scarcity dillema. Clifford L. James said that positivism economics is a social science having knowledge structure attending to human relationships and their needs to produce the good strategy to survive in the scarcity conditions (James 1952:1). It can be concluded that a distinction between the islamic economics and the positivism economics deals with a paradigm, and assumption. The Islamic economics considers

its paradigm in transcendent values, e.i., Quran, *Hadith*, and also *maqāṣid al-sharī'a*. It is difference from positivism economics in which the positivists build the economic paradigm from materialistic values. In moderation, positivism economics asserts that the main problem of economics is the scarcity of sources. It tends to be a motive for human to routinely fulfill their necessary needs.

On the Islamic economics paradigm, the main problem in economics exists on the uncontrollable desire. Meanwhile, the economic source on Islamic perspective is boundless. It can be understood from the Quran, that God have created for humans the earth, skies, and rain. In addition, growing the tree with many fruits as livelihood for all people in the earth (al-Baqāra:22). It indicates that the source is boundless, but the human's desire is also boundless. The main question is why both Islamic economics and positivism economics are difference in understanding the economics problem?

The difference between the Islamic economics and positivism economics paradigm in understanding the economic problem solely correlates with the epistemology difference. In moderation, Abdul Mannan defined the Islamic economics as a social science studying the citizen's economic problem which is revealed from Islamic values (Mannan 1995:19). Mannan's opinion shows that the Islamic economics is a moral economics, and difference from the positivism economics. It makes Islamic economics' structure different. It caused the significant difference between the Islamic economics and the positivism economics — paradigm, and epistemologies. It can be seen from the economic models applied by economist in Islamic economics and positivism economics. Thus, the assumption informs that the paradigm clashes between Islamic economics

and positivism economics. That clash cannot be united because of asymmetric paradigm in Islamic economics and positivism economics — Islamic economics by normative paradigm and the others with positivism paradigm.

The cynical critique appears when the Islamic economics applies the normative paradigm as a framework to study the economic problems, especially in Muslim societies. It is an ambivalent position for the Islamic economics. Moreover, the Islamic economics falls in a bipolar clash — positivism versus non-positivism, and subjectivism versus objectivism. Those conditions can be detected from an economic model constructed by Muslim economists. The question is how does the epistemology conflict exist in economics? Bruce J. Caldwell has explained in his *Beyond Positivism: Economic Methodology in The Twentieth Century* (1982) that the positivism reason has dominated many sciences including economics (Caldwell 2003). Like Bruce J. Caldwell, Anton van Harskamp has also explained that we have a problem, without the great claim which has been inherence in social science, that it is desirable to give the contribution to solve the conflicts. Indeed, social science has been destroyed by the intellectual conflict (Harskamp 2005:3). It grants a correlation between Islamic economics and conflict in social science. Due to the Islamic economics is one of the social sciences, how can this assumption be proved?

Lately, the dramatic growth of Islamic economics is described by appearance of the contemporary school of Islamic economics. In fact, there are three school of Islamic economics—Baqir Sadr, Mainstream, and Alternative school. They used the different methodology tradition. In this case, Nur Chamid views that the appearance of current school of Islamic economic is an indication

for the friction of islamic economics' method (Chamid 2010:404). It can be understood from method trend used by them when analyzing the issues of islamic economics.

As an illustration; the tradition of mainstream school in islamic economics, they commonly use the positivism paradigm. It grants a suggestion to adopt the positivism method — economic mathematics, statistics, and econometrics. Nur Chamid has written that a mainstream school tends to use the positivism ways — economic model and abstract quantification (Chamid 2010:404). They produce an interpretation toward the issues of islamic economics with positivistic, cartesianistic pattern. They are economic positivism substitution. Principally, they differ from islamic economics with a way -- transcendent reification. For them, Quran and *Hadith* are essentially foundation to produce a set of economical grand theory. It only can be produced by reification method.

It is so difference with the alternative school of islamic economics. Authentically, they are a critical group in islamic economics. Because they constantly make a hard critique toward capitalism, socialism, and also islamic economics schools (Chamid 2010:410). They are not interesting to use the positivism pattern when creating islamic economics theories. But they prefer to *uṣūl al-fiqh* than the other methods—mathematics, statistics, and econometrics. They believe that using *uṣūl al-fiqh* is a good pattern to correlate the islamic economics norms — Quran, and *Hadith*—with economic phenomena.

Baqir Sadr school is also difference from the others. Baqir as-Sadr in his *Iqtishādunā* offers a concept beyond the positivism economics. If the 'free values', or 'objectivism' can be found in positivism economics, in islamic economics

for Baqir Sadr thought, the 'subjectivism' is as possible as the 'objectivism' in positivism economics. These paradigm traditions represent a number of the *ijtihādiyyā* — producing scientific theories in Islam. Not only with concluding but also combining symmetrically the *al-āyat* or Quran verses and considering a text equility (Sadr 2008:127). The facts which are mentioned above appeared a number of the research question. And the main problem in the reserach is why does the friction happen in the contemporary thought of islamic economics? Understanding the problem, indeed, is needed the major questions explaining the main problem. There are three major issues. *First*, there is an assumption that islamic economic never have clear and established-epistemology. Why is it? *Next*, it can be seen that the friction occurred in the contemporary thought of the islamic economics—Baqir Sadr, mainstream, and alternative Sschool. It appeared a question—what is the philosophical reason in every methods used by them? It is a common truth that epistemology conflict constantly will dominate the others. The question is: What is the epistemologies which is authentic paradigm in all of islamic economics structures—norms, epistemology, and characters? These question will explore radically in the paper to understand the form of the contemporary epistemology of islamic economics.

## **POSITIVE AND NORMATIVE ECONOMICS: A THEORETICAL OVERVIEW**

The economic activities have been existing since the beginning of human life. When people got starving, he or she may think about how to get the necessary foods. They will effort to reach the utilities and avoid to the scarcity dilemma. John B. Davis views it with 'the individual economic'

(Davis: 2003): an economic activity focussing on how the economic actors can fulfill their needs, and it is more substance form. In addition John B. Davis believes that individual economic become a main issue in modern economics. John B. Davis wrote that social science critique has suggested to think that a person who is called by individual is a coherence part of group. But we also think that individual is important in economics. Because of important, we need to show an argument, and demonstrate that individual is an economic actor (David 2003:11).

Positivist and post-positivist like John B. Davis began their analysis from individual. Their way or perspective in defining human and assuming human, the epistemology friction happened. Positivist viewed human from nature side—materialistic; moved and action like nature. It suggested the positivist to construct the social science in physics method (Tauber 2009:49). It is quite difference with phenomenologist understanding the human as a creature conducted by the values structure—motive hierarchy, and human values (Hammond and Howarth 1991:1). Whereas the structuralist understood that the social structure is an entity which limites the actor behavior and beliefs (Jones 2009:200-201). Those friction, actually, occured in economics. It can be explained with the friction between positivism and normativism economics. Because of different tradition in methodologies, both positivism and normativism economics have a set of method difference. It make they ununified-things.

Indeed, Milton Friedman have searched for the relationship between positivism and normativism economics. According to John Naville's opinion: "Positivism economics have knowledge anatomy concerning on 'What is'. But normativism economics is tending to

question 'What ough to be' (Friedman 1984:3). Bruce J. Caldwell wrote that the logical positivist in economics begins from the rise of Vienna Cyrcle in 1922. They were scientists having the difference from science background—physician, mathematicist, and economist. They built logical empiricism project with logical-symbolics, or axiomatic characters. Finally, it is a popular as mature economics with excelent approches. They feel because of universality in positivism economics, that make them confident using positivism as economics paradigm. The question is: what the positivism character shown in economics?

As an approach used by Milton Friedman, the positivism economics avoids constantly to particular ethics and normative justification (Friedman 1984:4). This view indicates that normative economics becomes a marginal paradigm in economics. The main question is: What is the positivism economics? Deborah A. Redman views that modern philosophy of science rising of a movement is called as a logical positivism (Redman 1993:7). Uskali Mäki with according to Neville Keynes wrote that a positive science—economics—is a body of systematized knowledge concerning *what is* (Mäki 2009:3).

Julian Reiss wrote that Friedman's 1953 essay 'The Methodology of positive economics' is undoubtedly one of the—or perhaps *the*—most influential and most widely and hotly debated papers on economic methodology (Reiss 2010). In this book, Friedman like which was wrote by J. Daniel Hammond has offered the clear paramater for positivism economic, in addition that work has contributed to Chicago School (Mäki 2009:68). In positive economics it can be found a methodology which was elaborated by Friedman and named as descriptive validity. Friedman wrote that theories

are constantly judged by two criterias: the validity of their assumptions and the validity of their implications. Exactly, these criterias was found in positivism tradition—Vienna Circle.

In particular, the positive science which is the main root of positive economics concerns to decide whether a suggested hypothesis (Friedman 1953: 3). From this method, the positive and normative economics can be differentiated. Because of the condition, the confusion between positive and normative economics is unable avoided. Correlated with these differences, Milton Friedman declares that positive economics is in principle independent of any particular ethical position or normative judgments (Friedman 1984: 4). It constantly deals with ‘what is’, not with ‘what ought to be’. That way is willing to provide a generalization system which can be used to make correct predictions about the consequence of any change in circumstances. Its performance is to be judged by the precision, scope, and conformity with experience of the predictions it yields (Friedman 1984:4).

In the other hand, normative economics usually concerns with the ‘what ought to be’ question. Both positive and normative economics prefer to analyze the economic behavior. The question is: ‘what is difference between positive and normative economics in understanding the actor action in economic activities?’ Normative economics is famous with descriptive economics. It is caused by the method used by economist, who is interested to adopt the normative paradigm in economics. Following Friedman’s opinion, that economics categorized to two characters: *first*, applied economics. *Next*, non-applied economics. The applied economics is pure science used by positivism. Whereas the non-applied economics is a studies about what should be in economics.

It is usually applied by normativism economics (Colander 1992:192).

If the positivism economics constantly builds the economic models from realities as an empirical process, the normative economics constructs the economic models from norm which must be practiced in economic activities. Thus can be concluded that normative uses subjective paradigm, meanwhile the positivism economics makes the objective view prior in building the economic theories. The demarcation between positivism and normativism economics is named popularly as an ‘is/ought’ dichotomy. Neville Keynes, in fact, offers a threefold distinction between positivism and normative economics: 1) the ‘establishment of [existing empirical] uniformities; 2) the ‘determination of ideals’ or the ‘criteria of what ought to be’, and 3) the development of a practical ‘art’ to formulate ‘maxims or precepts by obedience to which given end may *best* be attained (Keynes 1917:32-5). Beyond ironic thing, the friction has informed to us that distinction make us clear in understanding the positivism and normativism economics characters. Interestingly, the friction also spreads in islamic economics. It can be seen from the appearance of contemporary islamic economic thought—Mainstream, Alternative, and Baqir Sadr school. They applicated the difference paradigm in analyzing the islamic economics issues. This assumption will explore intently then.

## THE CONTEMPORARY SCHOOLS OF ISLAMIC ECONOMICS: A SHORT NARRATIVE

As same as modern economics, islamic economics cannot avoid to the friction of paradigm. If modern economics is famous with a set of paradigm character used by economist,

such as classic, and neo-classic economics. Also in islamic economics, there are three group. These are Mainstream, Baqir Sadr, and Alternative School. Popularly, called as contemporary schools of islamic economics. Studying the frame of thinking is not to find a truth, but to know the map of its thought. Binhad Nurrohmat named this as proportional studies (Nurrahmad 2011). This view solely is a good belief to study the islamic economics thought—the contemporary school of islamic economics. It is a good reason to explore the contemporary shcool profile of islamic economics. They are Baqir as-Sadr, Mainstream, and Alternatif schools.

The Baqir as-Sadr school is from Muhammad Baqir as-Sadr's name. Bear in Kazimiya; a small city in Baghdad, at Dzulqa'idah 25, 1353 H/March 1, 1935. Baqir as-Sadr is a prominent clergy of shi'ism. Live in a political instability, Muhammad Baqir as-Sadr has succesfully understood the political condition of Iraq. In Iraq, especially in shi'ism group, Muhammad Baqir as-Sadr is popular with a smart clergy, charismatic, and good understanding in Islam. Muhammad Baqir as-Sadr understands not only in political field but also in economics. In moderation, then, Muhammad Baqir as-Sadr named economics with *iqtishad*. It is very difference with the positivism economics.

Nur Chamid (2010) viewed that the use of *iqtishād* by Muhammad Baqir as-Sadr have a good reason (Chamid 2010:405-6). Economics is not as same as *iqtishād*. Muhammad Baqir as-Sadr is fully aware to that economics is not able to solve problems in modern economics. There is a cyclical crises. In addition, the nuclear state never avoid to the crises. Unemployments, proverty, and unjustice social are the permanent problem in modern economics. In other hand, the

moral degradation—global greed-- in economic activities is worst case which causes the permanent crises in modern economics. In this context, the term of *iqtishād* emerged. The question is: what is the obvious difference between economics and *iqtishād* term?

Steven G. Medema, and Warren J. Samuels wrote that the history of economics thought never is written by itself. But economics is a process in constructing the economics thought. The economics development as a professional discipline is a social artifact (Medema and Samuels 2000:xvi). Likewise islamic economics and thoughts built in the islamic economics field. In this case, the *iqtishād* terms to call economics in Islam correlates to social contexts where Muhammad Baqir as-Sadr lives and make a hard effort to understand social, and economic structure. Muhammad Baqir as-Sadr attempts to understand the core economic crises in various muslim countries. It is possible to conclude that the causal factor of these crises is the economic system implemented in muslim countries.

There is an incompatible economic system—capitalism economics with logical positivism as its character. It is causal factor why Muhammad Baqir as-Sadr produces an unique terms, *iqtishād*, as a compatible definition to economics exerted in muslim society. Therefore Muhammad Baqir as-Sadr wrote in his *Iqtishāduna* that islamic economics is a doctrine and nonscience. Because it is a way recommended by Islam to economic activities. It is not an interpretation towards islam to explain the various events in economic activities and to explore the laws in economic fact (Sadr 2010:80). It provides an obvious information that the *iqtishād* term is an unequilibrium with the economics term. The *iqtishād* is doctrinal, and ethical. It is understood by Muhammad Baqir as-

Sadr. The question is: Why did Muhammad Baqir as-Sadr introduce the *iqtishād* term?

Muhammad Baqir as-Sadr has realized that the economics have some laxities — the cyclist crises. Perhaps the reason why economics have some laxities is that the positivism economics has took the capitalism and socialism dotrines as a foundation to construct the economics theories. In other hand; ironically, the positivism economics exactly is influenced by the ideological capitalism. It provides the the practise of economy. By easy theories which is usefull to guide homo economicus in economic activities, the positivism economics is acceptable as universal model in economics. But actually the case hides the main problem for human life. In principle, the doctrine of positivism economic about ‘utility maxilization’ is a causal factor for global greed. In this context, Jim Stanford wrote that some people think and believe that economics is a technical thing. It is confusing with a mistery subject (Stanford 2008:1).

Paul Ormerod in his *The Death of Economics* detailed the paradoxs of economics. Interestingly, Ormerod said that the economics will be death. The question is: What is the reason? Perhaps not only crises in the world but also the failure of prediction toward crises. Paul Ormerod wrote that the unemployment increasing in West European cannot be predicted by the orthodox economics (Ormerod 2007:8-7). Paul Ormerod states that opinion—the economists are most powerfull —is true, but their knowledge just is as same as newton-physics level. However, it is an old style being failure (Ormerod 2007:12). In this case, Muhammad Baqir as-Sadr believes the failure of modern economics. In addition, the failures appear in the crises of morals in economy. It can be seen from the enviroment crises, poor-index

increasing, and global-gap between development and developed countries. The problems are main factors for Muhammad Baqir as-Sadr to offer the *iqtishād* term. Consequently, the use of *iqtishād* term to islamic economics advances the particular method to analyze the islamic economics issues. What is that method?

It is *al-istiqrā’* as a method offered by Muhammad Baqir as-Sadr. Priyongo Suseno (2011), a muslim economist and lecturer at the Indonesia Islamic University of Yogyakarta, believes that the *al-Istiqrā’* is deductive method or H-D model that can be understood from the Baqir as-Sadr work. Muhammad Baqir as-Sadr on the *al-Istiqrā’* have written in his *al-asās al-manthiqiyyah lil-istiqrā’i* (1986). Muhammad Baqir as-Sadr explained two principles in *al-Istiqrā’* as a method--*al-mulāhadzah*, and *al-tajarubath* foundation (Sadr 1986:13). The principles; indeed, can be found in Greece tradition. Particularly, on Aristoteles’ work. In fact, Muhammad Baqir as-Sadr and Aristoteles are difference in constructing the method theory and its application of *al-Istiqrā’*.

Aristoteles has categorized the *al-Istiqrā’* to two forms—*kāmil*, and *nāqish* pattern. The *Kāmil al-Istiqrā’* is the compatibility of empirical fact (*al-hālath*) and the assumption (*al-ifrād*). Meanwhile, the *Nāqish al-Istiqrā’* is not uncompatibility these elements (Sadr 1986). It can be saw that the *al-Istiqrā’* is built from the assumption; then it can be tested into the realities—empirical facts. In his *al-asas al-mathiqiyah li-istiqrā’* (1986), Muhammad Baqr as-Sadr wrote that people always build a science theory science by two methods—*al-istibāth* and *al-istiqrā’*. In application, these methods have specific method and particular methodology.

Muhammad Baqr as-Sadr defined *al-istiqrā'* methods as a scientific process to produce various theories from 'hypothetical-deductive' (H-D) model (Sadr 1986:6). This models begin or construct an assumption for material object, and then it will be proved or tested to the empirical fact. There are two ways to test the hypotesis, verification and falsification theory. In this contexts, the falsification process is more applicable than verification mechanism. Baqr as-Sadr and also Karl Popper are the scientists beyond traditional science because of their metodology in science. In fact, the traditional scientists usually utilize the inductive process as a method. But they also use the deductive process in science as method. The deductive testing of theory is applied by Popperian uses the falsification process to validity the concepts. It is difference from verification process in the traditional science or conventionalism science. The question is: 'what is difference between the *al-istiqrā'* and deductive-hypothetics method adopted by both Baqir as-Sadr and Karl Popper?

Indeed, the difference consists of the statement foundations. Muhammad Baqr as-Sadr considered his method, *al-istiqrā'*, on subjective resources—Quran and Hadith, Karl Popper begins his hypothetico-deductive from theory, non-empirical fact. The popper's model is, finally, named as falsificationism. According to William A. Gorton, Popper's argument for all empirical observation is laden with theory, it attempts to falsify a theory, whether of the natural or social sciences, become problematic process (Gorton 2006:53). In this contexts, Popper is famous as the greater impact on postwar methodology of economics than any other single philosophers (or philosophical school) (Hands 2001:276). It is cuased by the Popper's work, especially on

hypothetical-deductive models in understanding economical problem. His work inspired the modern metodhology of economics. Even though, it is most popular model on modern economics, Muhammad Baqir as-Sadr attempts to differ his method, *al-istiqrā'*, with the popper's work.

Muhammad Baqir as-Sadr named *al-istiqrā'i* as an argument from particular to general statement (Sadr 1987:13). It is as same as inductive model on positivism tradition—The Vienna Circle. But it is not solely similiar method. Indeed, the *al-istiqrā'i* as Sadr's method consists two sources—*al-mulāhizath* and *al-tajarrubath*. What is the their definition? *Al-mulāhizath* is an observation process to understand the core of material object and its correlation among the other social fact. On other hand the *al-mulāhizath* concerns with behavior observation, *at-tabī'at*. Meanwhile the *al-tajarubath* is a norm which produces the *at-tabī'at*, or behavior (Sadr 1987:13). Both the *al-mulāhizath* and *al-tajarubath* are common element in the *al-istiqrā'i*—Baqir's method. However, there is a key point of Sadr's method, and it is subjective pillar. What is the subjective meaning?

The subjective in naturalism also positivism tradition is forbidden to use in scientific process. They are more objectively, and it makes them rejected to use subjectivism to result theories—economic theory. But it is difference with Sadr's belief. Muhammad Baqr as-Sadr believes that subjectivism is a main point which differs positivism economics and islamic economics—*iqtiṣād*. It is demarcational process between a doctrine and science. In fact, the science constantly is considered on objective values—empirical and real observation. But the doctrine exactly is considered on subjective values—norms, and ideal values (Quran and Hadith). The sadr's notion has

produced a particular islamic economisc model, especially in ensuing the theories of islamic economics. The other questions: What is the other models of contemporary of islamic economics school?

Difference from Sadr School in islamic economics, the Mainstream School tends to imitate the positive method in developing the islamic economics. The question is: What is the reason why the Mainstream School in islamic economics takes the positivism ways? There are the causal factors suggesting the Mainstream School of islamic economics to use the positivism paradigm. According to Imre Latos, a person being popular as positivism scientist, a science never comes from eternal truth by accumulation process. Thomas Kuhn also agrees with him (Lakatos 1978:8). Khun said that science is produced by revolution of paradigm in science. From normal, anomaly, crises to normal science. Where is the positivism position?

The positivism position in science revolution is in anomaly to crisis period. There is tyrannical side of positivism. Robert C. Scharff comprehend that positivism, like Comte's notion, is too exclusive as science paradigm (Scharff 2002:109). In positivism view, positivism which only can offer the objectivity in science process. This view is ultimate goal belong by positivism cyrcle. To manifest it, positivism teaches the unity of science under positivism paradigm. Alan W. Richardson (1998) wrote that positivism like Carnap rejected the kind of epistemologies based on uncertain terms — subjectivism (Richardson 1998:207). The certain epistemology is important point to construct a science discipline. It is positivism perspective in developing the science—economics. It make positivism established as an ideology of science. Steve Smith wrote that for

the last forty years the academic discipline of International Relations has been dominated by positivism. Positivism has involved a commitment to a unified view of science, and the adoption of methodologies of the natural sciences to explain the social world (Smith 1996:11). Positivism transforms itself to mature science. Because of positivism position in science, the other disciplines like economics interested to adopt the positivism ways. It can be understood from the method used by many disciplines—economics. The question is: how did the islamic economics adopt the positivism ways as scientific paradigm?

Waleed A.J. Addas informs that no work on methodology of economics can be taken as complete without a discussion of the *methods* economist use for formulating their theories (Addas 2008:87). It informs that the economics methodology is not accepted spontaneously. In islamic economics, the work on methodology used by muslim economist to analyze the islamic economics issues is intensively done, but also debatable in implementation. For mainstream school of islamic economics, adopting the positivism paradigm in islamic economics is undoubtedly problem. Its reason is that positivism methodology is mature methodology system. Positivism paradigm in economics especially grow up when The Vienna Cyrcle have promoted the logical positivism in economics. After the process, economics transformed to the hard science with use the cartesian technic, and the nature science as same as physics, and alchemist. The question on that view is: What is the causal factor why the islamic economics, especially the mainstream cyrcle, adopted the positivism ways?

Normative rationalization in islamic economics is the reason why the mainstream school in islamic economics exercises the positivism

paradigm. Why the rationality in science is important? Luc Boltanski and Laurent Thévenot in their *On Justification Economies of Worth*, note that the main instrument used by positivism in economics is statistics tool. Due to the statistics tools is possible to codify (Boltanski & Thévenot 1991:4). Not only use of statistics but also use of mathematics and econometrics in islamic economics. These tools are hard science and make islamic economics acceptable as a rational science like economics. It is the origin of why the mainstream cycle rises in economics. Cynical opinion of Mainstream School is supposed to heterodox economics (Prasetyantoko 2008:44). The mainstream economics with orthodox character tends to claim that the heterodox economics is not rational as economics science because of which never uses the hard instrument like statistics, econometrics, and mathematics as main tool to analyze the economics issues. The question is: what is the hard instrument position in islamic economics?

The use of econometrics, mathematics, and statistics in islamic economics is science process to become the islamic economics as a rational discipline. What is the reason? Islamic economics is a normative and positive discipline. It makes islamic economics different from the mature economics. Because the islamic economics have gradual side — normative and positive aspects. The paradigm of islamic economics ideally is demarcated from the paradigm of positivism economics. It is ironic thing, when islamic economics was shown in positivism representation. The incisive critic is supposed to islamic economics; That islamic economics have hardly the established epistemology. It makes the mainstream school in islamic economics adopts the positivism tradition. The ultimate goal how

the mainstream cycle in islamic economics accepts, or imitates the positivism way is that the normative side of islamic economics must be rationalized with scientific process. M. Bhekti Hedrieanto stated that normative and positive aspects of islamic economics must be integrated (07/25/2011). Normative and positive integration process done by using the tradition positivism — analysis pattern, and analysis tools such as economic mathematics, and econometrics. The question about that process is: how did the scientific model was used by the Mainstream School of islamic economics?

The beginning process is that the muslim economist, who is called as the mainstream school of islamic economics, construct a model, or hypothesis from the normative pillar in islamic economics — Quran, and Hadith. This process is different from the positivism process when building a hypothesis. They — the positivism cycle — construct the hypothesis from the particular facts. These facts are empirical thing. Considering the empirical facts and constructing the model from the real fact is rational requirement for the objectivity of science discipline including economics. But the problem emerges when constructing a model for islamic economic from normative pillar — Quran and Hadith. Ironically, in islamic economics, it was ignored by the Mainstream School of islamic economics. They believe that adopting the positivism ways is current method to make islamic economics be a established-science like economics.

On other hand, the Alternative School of islamic economics also have special method to make the islamic economics to be science. The question is: What is the Alternative School method? Richard D. Wolf, and Stephen A. Resnick wrote that the theories difference exactly implicated to

the method demarcation — experiment method (Wolf and Resnick 1987:2). It informs that the method difference among the Alternative School and the others in islamic economics is based on method used by them. It directly distinguishes the paradigm believed and used in islamic economics by every school of islamic economics. In fact, the Alternative School of islamic economics modifies a particular paradigm. With critical internalization, they transform islamic economics to difference values with the other school in contemporary islamic economics. They introduces the alternative method to analyze and understand the islamic economics issues. The main method used by them is the *uṣūl iqtishādīa*. This method particularly is purposed to produce the true assumption, and values on islamic economics. These are from the main Islam foundation—Quran and Ḥadith.

Such it can be concluded that the positivism economics constructs theories from evidence produced from the empirical facts. Meanwhile islamic economics, especially, the Alternative School of islamic economics produces theories from the transcendent fact—Quran and Ḥadith. When producing theories from the Qur'an and Hadith, the *uṣūl iqtishādīa* approach is used to formulate the assumption, in addition, it helps to make the islamic economics theories as nature law like economics law as a nature in human life. Waleed A.J. Addas explores that secular economics considered all of emanating-knoweledges from human research and exploration. It makes a distinction between reason and revelation derived from the generic western thought and relies on reason alone as the sources of knowledge (Addas 2008:61). Thus the Alternative School believes that the sources of islamic economics are Quran and Ḥadith. The research result, or theory and facts are not the single source for Islamic

economics, but the transcendent source is main important pillar for Islamic Economics. In this sense, Islamic Economics have different ways in analysis with the method of positivism economics.

The Alternative School of islamic economics extends the *Uṣūl al-fiqh*, or *Uṣūl al-iqtishādīa* as important approach for islamic economics. The *Uṣūl al-iqtishādīa* helps, or assists the muslim economist to result the islamic economics theories. *Uṣūl al-iqtishādīa* is able to result the assumption from the primary sources of Islam—Quran, and Ḥadith. As same as the *uṣūl al-fiqh* in resulting the *Qadaya al-Fiqh*, or the *Fiqh* theories; the *Uṣūl al-iqtishādīa* also produces the *Qadayah al-Iqtishādīa*, or the Economics theories. Muhammad Sulaiman al-Askari, Muhammad 'Umam Tsabir, Majid Muhammad Abu Raqiah, and Umar Sulaiman al-Akari published a book on *Qadaya al-Iqtishādīa*. The title of that book is *Buhust Fiqhiyah fi Qadaya Iqtishadiyah Mu'atsarah*. Essentially, it has explained the problem of *uṣūl al-iqtishādīa* in resulting the theory of islamic economics. The question which appears on this view is: What is the *Qadayah al-iqtishādīa* definition?

The *Qadayah al Iqtishadiyah* is a *fiqh* result. Ali Ahmad al-Salūs pronounced that the *Ushl al Iqtishadiyah* is *dawur al Fiqh fi Tahsil al Iqtishadiyah al Islāmī*, or the islamic law process to produce the theory of Islamic Economics (al-Salūs 1996, 21). The question is: how did the *Fiqh* results the Islamic Economics law? Ali Ahmad al-Salūs offers a notion on the *Fiqh* process to result the Islamic Economics in his *al Iqtishād al Islāmī wa al qadāyā al Fiqhiyah al Mu'āshirah*. Al-Salūs explains that the *Fiqh* process in Islamic Economics is to specialize Islamic Economics (al-Salūs, 1996: 51), or differ with the other economics. It is the evidence which shows that the islamic economics have two sources—the transcendent, and empirical source.

Qur'an and hadith as the transcendent source; and the phenomena as empirical source. The theories of Islamic economics, or Islamic economics laws, are produced from these sources. It is different with the positivism economics which only considers the empirical fact as source in resulting the economics laws.

With difference in the sources, it makes the methodology used also different between Islamic economics and positivism economics. It can be proved with Auguste Comte's concept. In his *General View of Positivism* (2009), Comte explains that under theology the intellect was the slave of the Heart; under positivism, its servant (Comte 2009:vii). It makes the positivism rational school in analyzing the social problem. Because of that character, the positivism always uses the tools giving a certain in analyzing something—economic, and social problem. For example, in positivism economics; the mathematics, statistics, and the other tools often are used. In addition, without these tools; the positivism economics never admitted the analysis results, or theories. Bearing on these opinion, the Mainstream School of Islamic economics has interested to adopt the positivism way. It is difference with the Alternative School in Islamic Economics in which they are not following the choice of Mainstream School.

The Alternative Group of Islamic Economics attempts to construct Islamic economics to be science. To result it, the Alternative School of Islamic Economics formulated a common view—particular methodology. It is an exertion to include the *Uṣūl al-iqtishadiah* as primer method of Islamic Economics. The question is: What is logical reason become the *Uṣūl al-iqtishadiah* as one of methods for Islamic Economics?

The reason why the *Uṣūl al-iqtishadiah* become as an Islamic economics method is that the *uṣūl al-iqtishadiah* is possible to produce theories from the transcendent fact for Islamic Economics—Quran and Ḥadith. Why is the *uṣūl al-iqtishadiah* produce it? To understand the reason is needed the studied to the *Uṣūl al-fiqh*. *Uṣūl al-fiqh* definition is the origin of *fiqh*. On other hand, the *uṣūl al-fiqh* is the *fiqh*'s methodology. Its mean that the methodology is used to produce the Islamic law theories—*fiqh*. There is not *fiqh* without the *uṣūl al-fiqh*. The *uṣūl al-iqtishadiah* also accords to the *uṣūl al-fiqh* ways when resulting the Islamic economics theories. The simple illustration is: the *uṣūl al-iqtishadiah* have important role to build a hypothesis from the main sources of Islam—Quran and Ḥadith. That hypothesis will be tested with empirical facts, or economic realities. This process makes Islamic Economics cohesive in paradigm—normative and positive. It suggested a crucial question: How did that epistemology—the contemporary epistemology of Islamic Economics—be analyzed, or understood with philosophy and sociology of science?

## METHODOLOGY OF ISLAMIC ECONOMICS: AN APPRAISAL

A methodology is identically with the domination of knowledge regime. This view can be seen from the positivism domination toward modern science — economics and the other social sciences. Now days, the positivism power exists in paradigm of social, and nature science. This phenomena is resulted from a thesis offered by Auguste Comte that the object of all true Philosophy is to frame a system which shall comprehend human life under every aspect, social as well as individual (Comte 2009:8). The

positivism also purposed its object to frame a system. But the process done by the positivism to frame a system is difference with the other schools in perspective of philosophy of science. The positivism constantly believes that all of the social, or nature science will be an established-discipline when these disciplines enclose the unity of science as a paradigm in building the knowledge theories. In Islamic Economics, the positivism's inclination is able to explore in the Cotemporary School of Islamic Economics. Especially, the Mainstream School of Islamic Economics.

The Mainstream School of Islamic Economics has adopted the positivism's method as main tool to analyze the Islamic Economics Issues. This movement—positivism adoption—is suggested by the established-paradigm which belong to the positivism. The question is: What is the meaning of 'established-paradigm word? Julius Rudolph Weinberg in his *An Examination of Logical Positivism* (1936) notes on the logical foundation of positivism. All of positivism paradigm considered to facts (Weinberg 1936 33). It makes the positivism rationale as school of science philosophy. This trend has been built from the intensive discussion among the member of Vienna Cyrcl of the University of Vienna. Bruce J. Caldwell undertands that positivism, especially the positivist's Vienna broke new ground in philosophy, and believed that their unique synthesis of 'the new logic' and empiricism held great promise for clarifying and solving previously intractable problems in philosophy and special science (Caldwell 2003:19). Based on empirical paradigm, positivism claimed that the social sciences — economics — can become a hard discipline like the physics when the science is willing to adopt the positivism paradigm. What is the positivism's paradigm?

The paradigm is, like Guba and Lincoln's definition, the foundation of argument system, worldview which guides the researchers to choose a methodology and ontology framework (Ratna 2010:37). It is paradigm's definition on social research. What is the definition of paradigm on philosophy of science? Cited from *A Dictionary of Philosophy* which was written by A.R. Lacey, the paradigm is basically way of looking at scientific problems; or an accepted theory, e.g. Ptolemaic or Copernican astronomy (Lacey 2005:242). Correlated with that definition, positivism paradigm is a worldview used by the positivism in any discipline—economics, and the other knowledges. Robert S. Scharff notes on the positivist thesis. It is that positivists especially after Comte describe on their heritage of the twin Cartesian imperatives to assume something like the following position regarding philosophy's past (Schraff 1995:144). Cartesian existance in positivism tradition can be saw from the method used by them—the positivists. How does the assumption can be tested? The clear fact showing that assumption is what occurs in islamic economics. It is the mainstream school of islamic economics. What is the mainstream school of islamic economics? To understand the mainstream school of Islamic economics, it is important to explore the nature of their tradition in using the paradigm of science. That is positivism tradition. Why the positivism is used as paradigm of the mainstream school of islamic economics? Because the methodology which is used by the mainstream school of islamic economics is "hard method", and "empirical foundation. It is positivism tradition.

What is the positivism tradition? Understood from the methods, or tools used by the positivis, especially in economics; the main tools are mathematics, econometrics, and the other hard

methods. Why the methods tend to be used by the positivism economic? Imre Lakatos wrote the philosophical reason why the positivism economics tends to apply that ways. In his *Mathematics, Science and Epistemology* (1997), understood that there are some logic reason to use the mathematics as method in economics. There is foundation why the mathematics is able to achieve the truth (Lakatos 1997:3). Because of modelling, mathematics can simply the reality into a mathematical model. Alain Badiou published a book. Its title is *The Concept of Models: An Introduction to the Materialist Epistemology of Mathematics* (2007). Alain Badiou wrote an explanation on *certain uses of models*. Exactly, that usage is ispirated by the Lévi-Strauss' work on *Structuralist-Anthropology*. Because Lévi-Strauss considered the Linguistics as foundation to construct the scientific models (Badiou 2007:10). Lévi-Strauss notes that no conclusion can be drawn from the repetition of the signs in the field of behavior and the repetition, let us say, of the phonemes of the languages, or the grammatical structure of the language of the language; nothing of the kind — it is perfectly hopeless (Ahimsa 2006:26-7). It is interpreted by Heddy Shri Ahimsa-Putra that correlation only can be shown in structure level or with Lévi-Strauss' term on *Mathematical Models* and *non-statistical models* (Ahimsa 2006:27). On other hand, the positivism character has been constructed by Leszek Kolakowski (1968). In his *The Alienation of Reason: A History of Positivist Thought*, Leszek Kolakowski notes that there are two characters of positivism. *First*, 'the rule of phenomenalism'. There is no real difference between 'essence' and 'phenomena'. In this context, many traditional metaphysical doctrines assumed that various observed or observable

phenomena are manifestations of a reality that eludes ordinary cognition; this assumption justified the use of such terms as 'substance', 'substantial form', 'occult quality' (Kolakowski 1968:5). *Next*, 'the rule of nominalism'. This rule assumes that all of positivism argument based on the concrete objects — the tested-facts. The existance of empirical world is a requirement for positivism reason. Its means, that not only the mathematical sciences but also physics make use of such construct (Kolakowski 1968:6). In fact, to construct the real world—empirical fact—the positivism needs the abstract calculation.

The abstract calculation is a method of ordering, a quantitative recording of experiences, and has no independent cognitive function in the sense that, via its abstractions, it opens access to empirically inaccessible domains of reality (Kolakowski 1968:6). What is the meaning of that opinion? It informs that quantitative ways are positivism tradition in producing the knowledge. How does the positivism be used in economics? Terence Hutchison (2003) explains that certainly, in economics, one can optimistically pont to vast increases in the stock and flow of factual knowledge, historical and statistical, and also in the range and refinement of analytical, and especially mathematical, techniques and abstract models (Hutchison 2003:168). The word 'abstract model' indicated that positivism economics always builds a model — the modelling of teconomic realities. Shortly, the economic realities is modelled in order to make the understanding simple.

Margaret Morrison and Mary S. Morgan (1999) note that model is one of the critical instrument of modern science. Known that models function in a variety of different ways within the science to help us in learning not

only about theories but also the world (Morrison & Morgan 1999:10). In positivism opinion, modelling the economic realities is to build a strength relation between theories and realities. It makes the simple-understanding on world and its phenomena. On other hand, models make up broad class of objects. In this context, Alain Badiou categorized the models to two categories: 'abstract' models and material assemblages [*montages*]. What is those categories definition?

The first model, 'abstract' model consists of what may be called scriptural object, that is, properly theoretical of mathematical models. In fact, what are at stake are *clusters of hypotheses* that are supposed to be complete relative to the investigated domain, and whose consistency throughout the deductive development are guaranteed by a code [*codage*], which is generally mathematical (Morgan 1999:10). In this context, according to Alain Badiou, the model is a body of statement in virtue of which this historical convergence is integrated in a unique discourse. This is because the models are nothing but intra-scientific construction. Meanwhile the second To spatially present non-spatial processes in a synthetic fashion: graphs, diagram. On other hand, J L. Casti describes in his *Alternate Realities: Mathematical Models of Nature and Man* (1989) that a model means an encapsulation of some slice of the world within the confines of the relationships constituting a formal mathematical system (Casti 1989:10). There is strong correlation between world and mathematical models in economics. Indeed, the model of methematic of economics is to describe the economic realities. With this model, that realities can be understood simply. Because each variable of modelling of economics consists of causality correlation. Reification process, from realities into mathematical model,

is to make economic realities simple, and its law can be captured by simple model. This view is the tradition of positivism economic—build a mathematical model; use the hard tools like mathematic; statistical; and avoid to historical paradigm.

What is crucial critics toward the positivism tradition—their methods? The philosohical attack toward positivism comes from their member like Karl Popper. Bruce J. Caldwell in his *Beyond Positivism: Economic Methodology in the Twentieth Century* (2003) wrote that Karl Popper who is persistent and persuasive railings against positivism began while the Vienna Circle was still meating, and continues into the 1980s (Caldwell 2003:37). What is his critics? Popper rejected the positivism way which views that all of the problems of philosophy reduce to the problem of linguistic usage, or the meaning of words (Caldwell 2003:38). Why is that tradition be rejected by Karl Popper? What is Popper's reason? Popper's rejection toward positivism based on the direction of truth validity used by Popper in Economics. The positivism always used the verification mechanism as truth validity, meanwhile Popper offers the falsification ways to find the truth economics. What is the real difference between both verification and falsification mechanism? Essentially, the verificatin tends to test the economic theories based on the impossibility of testing all the models that could conceivably be articulated to respresent any particular theory (Boyland 2007:8). The falsification is to refuse the theory within particular facts. The question is: how did the positivism be implemented in islamic economics?

The positivism tradition is found in the Mainstream School of islamic economics. How does this fact can be proved? The facts showing

that condition can be understood from the methods used by the mainstream school of Islamic economics. Explored from the Islamic economics written by Muslim economists, who follow the mainstream circle of Islamic economics, they believe that Islamic economics will be admitted by imitating the positivism paradigm of economics. The main question is: What is the reason behind using hard science by positivist economists? There are two phases in growth of economic positivism. *First*, normative economics. This phase was introduced by classical economics like Adam Smith. The main method which can be explored from this trend considers the sociological perspective to understand the economic problem. *Next*, the positive economics. The Vienna Circle is its icon. This school of thought has been successful in declaring the positivism as scientific way. The popular method championed by the Vienna Circle is verification as a tool to discover theories. It is also as an instrument to distinguish the non-theory and theory term in science. Rather, the verification process to cover the scientific theory was suggested by Vienna Group to apply in social science like economics.

The Vienna's effort to construct the methodology of economics is clear difference with the work produced by some economists in twentieth-century and that effort is verification of economic prediction (Bloug 1992:42). In particular, the verification process in searching a theory of economics is based on particular evidence, and it is more empirical than other methods. Verification as a scientific method applied in economics is one of instruments to build an economic model. Verification is an instrument offering a possibility to examine the economic problem with understanding it from the reality. Afterwards the reality will be reduced

to an economic model. In this process, the mathematical economics is needed one. A good explanation on relationship of mathematics to the subjects of economic study was described by Subroto Roy in his *Philosophy of Economics: On the Scope of Reason in Economic Inquiry* (2005). Subroto Roy with stating the Walras' notion wrote that: Those economists who do not know any mathematics, who do not even know what is meant by mathematics and yet have taken the stand that mathematics cannot possibly serve the elucidate economic principles (Roy 2005:140). It is an ideological statement. Forcing the applied-mathematics in economics, makes that statement ideological one.

Simply, mathematical economics is successful method to describe the economic problems. Reification, and modelling mechanism are two terms correlating with applying the mathematical economics to interpret economical reality and also as method to describe, or explain the economic problem. Lately, various economists, who are Muslim, believe that positivism way is important model to be followed or adopted by Islamic Economics. One of them is the mainstream school of Islamic Economics. They tend to use the hard tool applied in positivist economics like econometrics, statistics, and mathematical economics. These tools are used to assist build an economic model from reality. What is the modelling definition, here? A good book describing the definition of model is edited by Zachary Luke Fraser, and Tzuchien Tho (2007). Its title is *Alain Badiou: The Concept of Model, an Introduction to the Materialist Epistemology of Mathematics*. Badiou named that modelling as 'formalization'; such as pre-Euclidean geometry. It is organized into an axiomatic system, or, speaking in a more modern context, the process

by which one brings a partial formalized system (such as Euclid's own) to a stricter form of rigour, unfolding the intuitive and definitional apparatus into an explicit axiomatic prescribing the ruled manipulation of a determinate set of bare symbols (Fraser and Tho 2007:xxviii). Manipulation and symbols are two terms used by formalism to describe their exertion in creating mathematical model including in economics. The economic model makes the reality easy to understand, and be simple to be shown. Exactly, this process is possible to apply since positivism economics and also mainstream school of islamic economics view that reality is only one as economics source.

Difference with mainstream school of islami economics, the Baqir as-Sadr network opposes the positivism tradition to operate the islamic economics. There is a simple reason. They believe that islamic economics is so difference with the positivism economics in its sources. The positivism economics just believe the reality as empirical source. The Baqir as Sadr cycle said that, for islamic economic (*al-iqtishād*), there are two sources in constructing it to be an unique science, and these are normative source (Quran and *Ḥadith*) and empirical source. Baqir as-Sadr only includes the subjectivity as philosophical foundation to discover a set of theory of islamic economics. Baqir as-Sadr's view including the subjectivity foundation — Quran and *Ḥadith* — is an opposite to positivism's view which requires that empirical foundation is exclusive pilar for economics. Word 'exclusive' is defined that empirical foundation is a basic of discovering theory *per se* in positivism economics like mainstream school in islamic economics. Besides, Baqir as-Sadr adds the normative source as investigation foundation in order to build various theories of islamic economics.

Normative foundation is a source of islamic economics. It is set of islamic doctrine on economic activity done by Muslim in any places. The doctrine is from primer foundation in Islam — Quran and *Ḥadith*. Both Quran and *Ḥadith* give considerations for Muslim activities such as economy, and politic behavior. Widely, Quran and *Ḥadith* become true foundation in building a law for Muslim life. It is named shariah law, or *fiqh*, and also called as islamic jurisprudence. In modern legal systems, judges, lawyers and notaries are unquestionably product of legal profesion (Hallaq 2009:7). It is difference from Muslim notion when understanding the legal status to build law for *ummah*, or muslim communities. *Ulama*, or clergy of Islam which was named as *fuqahā'u* only is believed to declare islamic law, and produce a consultation status, or *fatāwa*. Nevertheless, islamic law for Muslim as same as heart of human. Islamic law is true boundries to construct social, economy, and political systems.

In that case, Baqir as-Sadr asserts the subjectivity taken from islamic doctrines as foundation for *iqtishād*, or islamic economics as a knowledge. Islamic economics is indicated with particular character — subjectivism. It is difference with objectivism founded in the tradition of positivism economics. When made subjectivism as a foundation in islamic economics, Baqir as-Sadr introduces an unique method to study islamic economics issues. It is called with *al-istiqrā'*, or inductive method. It is so difference with the inductive-probabilistic offered by Hempel as one of tools used in positivism tradition. The process of Baqir as-Sadr's method has been explained by Muhammad Baqir as-Sadr as that finding various laws directly from Quran and *Ḥadith*. From these sources the conclusion was taken as laws of islamic economics. Difference with positivism tradition

which tends to emerge a theory, or conclude from empirical evidence. Baqir as-Sadr's intention is to argue Islam as source of doctrine for science of Islamic economics. Other schools of Islamic economics is the Alternative Group.

The famous members of alternative school of Islamic Economics are Timur Kuran, and Muhammad Arif. They were famous as members of the Alternative School of Islamic economics because of their critics toward capitalism and its foundation. The main critics of alternative school toward capitalism is based on the doctrine and intentions believed by its followers to keep some economic opportunities. Not only they, but also Clark Everling who believe that capitalism is bad system for global world. In addition, capitalism is one of imperialism sources. Clark Everling stated that capital is a social and historical particular form of economic development. On other hand, its means that capital is element of accumulation tools in economic activities (Everling 1997:20). Capital is as imperialism tools. It is a describing-word to capitalism implication for the world — global economy. In this contexts, Marx states that form of production always posits itself as a form of social production, as a relation to the social existence of all of those living within a given society (Everling 1997:21). Production in capitalism modern is important pillar to construct social life. Its meaning is that production determines the class formation. Because the production is a pillar to produce the social class, production in other function is also a exploitation tools for labour, or proletarian class. It makes the protest emerged in third world, and others.

Jeremy Gilbert published his book on the anti-capitalism movement. His book, *Anticapitalism and Culture: Radical Theory and Popular Politics* (2008) describes that since the

mid-1990s, the opposition to the global hegemony of neoliberal institutions and the corporate interest has grown immensely. This movement is often called anticapitalism, anti-capitalism or the anti-capitalism movement. The hegemony, and imperialism caused by capitalism are causal factor why the anti-capitalism movement emerged dramatically in the mid 1990s. The emerging of Alternative School in Islamic Economics is fueled by the anti-capitalism movement. It is a critical movement toward all of capitalism doctrines. Based on the critics addressed to capitalism by the Alternative Schools of Islamic economics, Timur Kuran and Muhammad Arif introduce the new method for Islamic economics. That method is so difference with the others Islamic economics schools. What is the Alternative Schools method used for Islamic economics research?

The particular method actually exercised by the Alternative School in Islamic Economics is *uṣūl al-iqtishādiya*. The origin of *uṣūl al-iqtishādiya* is from the *uṣūliyyīn* tradition — the methodology of Islamic law. According to Muhammad ibn Shālih al-‘Ustmain, that *uṣūl fiqh* is known as a method to result the shariah law from its particular argumentation (Shālih 23). Therefore, the *uṣūl al-iqtishādiya*, of course, can be understood as an understanding of the Islamic doctrine from the detail argumentation produced from primer sources of Islam — Quran and Ḥadith. Although Ibn Taimiah argued that categorization of Islamic Law into primer and secondary. Like the Islamic law, the Islamic Economics also used both Kuran and Ḥadith as its scientific source. It makes Islamic economics possible to implement the *uṣūl al-fiqh*, then named as *uṣūl al-iqtishādiya* as one of the main methodologies in Islamic economics. Farhad Nomani, and Ali Rahnema in theirs *Islamic Economic System* stated that

shari'ah is legal foundation for islamic economics. Because of shari'ah foundation, it is impossible for a firm grasp of theory, and character of islamic economics without a clear understanding of legal boundries that conduct and shape it (Nomani and Rahnema 1995:xv). An understanding of legal boundries in islamic economics can be done by *uṣūl al-iqtishadia*.

The *uṣūl al-iqtishadia* as one of islamic economics methodologies clearly attempts to typically produce various islamic economics theories through a number of every three methodologies in interpreting the doctrine of Islam introduced in islamic science. There are *bayāni*, *burhāni*, and *irfāni*. These approaches is to examine the islamic law from both kuran and hadith. Wael B. Hallaq in his *An Introduction to Islamic Law* describes how is it found. Wael B. Hallaq noted that both *muftis* and author-jurist have a set of reasons which guides them to conduct materials and spritual affairs (Hallaq 2009:14). On other meanings, *muftis* operate scientific method to build theories from the established-source of islamic science — Quran and Ḥadith. Hence, the *Uṣūl al-iqtishadia* implementation in islamic economics field is to ensue the theory of islamic economics from both islamic sources, Quran and Hadith. Unconsciously, the islamic economics methodologies—*uṣūl al-iqtishadia*, inductive and deductive model—remain an obvious paradox.

The paradox is definitely that theory of islamic economics is more visible as an established-doctrine than an established-theory. The doubt, of course, is resulted from Popper's notion in which Popper undoubtedly distinguishes between scientific and non-scientific theory. Karl Popper named it as a problem of demarcation — a separation concept between a science from metaphysical speculation and falsifiability criterion

(Popper 2005: 11). Based on Popper's abstraction, islamic economics looks intently like doctrine than science. Therefore, islamic economics as Baqir as-Sadr's view is not a science like positivism economics. It is because of its foundation — normative pillars, Quran and Ḥadith. Indeed, three schools of islamic economics indicate that islamic economics as knowledge is very different from the other disciplines of economics—positivism economics. The difference is not only on its charaters but also its foundations. Therefore, there are different methods applied in islamic economics by the muslim economists—Baqir as Sadr, Mainstream, and Alternative school.

## CONCLUDING REMARKS

Islamic economics is a set of knowledge having 'the double-paradigm' (Sholihin 2013:xiii). The double paradigm is defined as multi-foundation of islamic economics to produce a set of economic theories. Islam, reality or empirical fact, and culture are sources of islamic economics theories. These sources have similar function for muslim economist to produce the islamic economics theories. Baqir as Sadr just believe that islamic economics is not science. It is doctrine for muslim's economy. In moderation, if as Sadr only uses qur'anic foundation to result the islamic economics theories. Sadr has been mentioned it as the subjectivity of islamic economics. Meanwhile, the Mainstream School of Islamic Economics attempts to make a bridge for the doctrine and empirical side of islamic economics. The effort is named as scientification of islamic economics. On other side, the Alternative School of islamic economics constructs the diffrence paradigm with the other schools of islamic economics. They make *uṣūl al-fiqh*, or methodology of islamic law,

as main part of islamic economics methodology (Sholihin 2013).

It can be concluded that islamic economics as recent discipline in science have 'double-paradigm; a set of methodology in which is employed in islamic economics research. In this case, paradigm is a model or framework for observation and understanding, which shapes both what we see and how we understand it (Babbie 2011:32). With that definition, the paradigms offered by the muslim economist also are exerted to understand the islamic economics problem in which the scientific problem in islamic economics is the occurred-gap between theories, norms and facts. And various paradigms of islamic economics — Subjectivism, Positivism, and Deterritorialism — is to understand, and explain why the gap between norm and fact occurs in islamic economics. In fact, the gap as scientific problem of islamic economics is a complex problem which must be understood, or explained with multi-discipliner approach. Because the islamic economics researchs utilize the double-paradigm, islamic economics can be categorized as heterodox economics in which exerts various approach to describe, understand, or explain its scientific problem. It makes the muslim economist aware that islamic economics cannot be viewed exclusively in single paradigm, but must be understood conversely as inclusive discipline. Finally, it is possible to use plural methodology based on the research object in research of islamic economics.[]

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