

Conference Paper

Economics Lecturers' Perception on the Great Gap Theory on Economics and Finance History and Its Impact toward Islamic Economics

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Abstract

Since a long time, most Muslim all around the world have been living under the Western-Secular system including economics and finance. It happened because of the majority of Muslim countries being occupied by Western-Secular countries. Therefore, since the era of independence of most Muslim countries, there has been a huge increase in Muslim awareness to revive Islamic teachings in all aspects, including in economics and finance. Unfortunately, the efforts to revive Islamic teachings are not well followed by the improvement of Muslims' understanding toward their daily activities in terms of their economic and financial activities that is still affected by the Western-Secular System. This article is written to reveal the gap that has happened in the context of economics history in the mind of the lecturers of economics. This article used qualitative research method by giving questionnaire to random respondents, that is, lecturers of economics and finance in North Sumatera. This article showed that most of the lecturers of economics that became the respondents of the research agreed that there is a great gap in the history of economics and there is no relationship between the developments of economics with Islamic history. The impact of the research is that there is a need to do more socialization about the contribution of Islamic teaching toward modern economics and finance as the 'missing link' in the Western economics. It also needed to socialize the continuity of Islamic economics and finance in the modern era as the way of life of Muslim in modern era.

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1. Introduction

Comprehensive understanding on Islamic economics and financial thoughts and its history of civilization at the past is believed will open space for a wider dialogue toward the richness of historical evidence at various aspects of human life. The study of the

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history of Islamic economic thought and its development is expected to provide sufficient evidence that the Islamic system is independent and capable to provide operational norms and models that can be applied as long as it is supported by a conducive environment. Many perceptions and views evolved in response to the 'revivalism' of Islamic economics in the contemporary era. Some see that the Islamic economy is a temporal reaction to modernity faced by Muslims today. There is also a view that the Islamic economy is a form of affirmation of the cultural identity of Muslims. There is also a view that Islamic economics is a form of accommodation politics to attract the sympathy of Muslims on the political stage. (Andri Soemitra, "Diskursus Rasionalitas Kehadiran Kembali Ekonomi dan Keuangan Syariah Kontemporer." Makalah dipresentasikan pada International Seminar on Celebrating Islamic Thought for Peace (Sakinah), Prosperity (Rahmah), and Happiness (Sa'adah): IAIN Sumatera Utara, 29-30 Nopember 2012)

This article argues that Islamic economics and finance is an integral part of Islamic teachings since the rise of Islamic teachings era. The age of Islamic economics and finance is as old as Islam itself. As part of Islamic teachings, Islamic economics and finance has been designed from the beginning to be the best guide for Muslims in their economic and financial activities. This article is written as a form of affirmation of the existence of Islamic economic thought and civilization that has been indicated as being removed in the world economic thinking history.

2. Literature Review

There are a number of literatures that have been written to provide the evidence of the existence of Islamic economic and financial thoughts and civilization in the period of the seventh to the fifteenth centuries to refute the 'great-gap' thesis initiated by Joseph Schumpeter and recognized by conventional economic historians. The conventional economists in various history books have written a vacuum of the thinking and civilization of the world economy from the time of the Greek philosophers who immediately jumped to the name of St Thomas Aquinas (1225–1274 AD). (Joseph A. Schumpeter, *History of Economic Analysis* (New York: Oxford University Press, 1954), 52) The great gap thesis ignores the existence of Islamic economic and finance thoughts and civilization that should fill the void in an era called "the dark ages" in Europe from the seventh to fifteenth centuries.

Ghazanfar, who rejected the thesis of 'the great gap' in a number of his writings put forward some evidence to suggest that there were Islamic Arab scholars influences in

the field of economic thought which were then massively transferred through various sources in several centuries in the early Latin-Europe. This transfer of science thus facilitated the Renaissance in the twelfth century with an emphasis on science and philosophy, and, therefore, laid the foundation for Protestant reform in the sixteenth century, which later influenced the rise of modern science. The transmission of economic knowledge of the Islamic world to the West takes place in six forms. First, the lanes of European scholarship travel to the Arab countries in the early eleventh to twelfth centuries. Second, the lanes of Western students of Italy, Spain and South France who are attending Muslim seminars. The West even follow the pattern of Islamic universities. Third, the massive translation activities of Arabic works into Latin during the thirteenth to fourteenth centuries in Spain, Italy, France, and other major cities of Europe. Fourth, oral transmission. Fifth, trade transmission. Sixth, cultural diffusion before and after the crusade. (S.M. Ghazanfar (ed), *Medieval Islamic Economic Thought: Filling "the Great Gap" in European Economics* (London-New York: Routledge Courson, 2003). Arif Hoetoro, *Ekonomi Islam: Pengantar Analisis Kesejarahan dan Metodologi*, (Malang: BPFE Unibraw, 2007), 35-36)

Ghazanfar in his article entitled 'Scholastic Economics and Arab Scholars: The Great Gap Thesis Reconsidered' (Ghazanfar "Scolastic Economics and Arab Scholars: The Great Gap Thesis Reconsidered," dalam *Medieval Islamic Economic Thought*) puts forward the evidence that none of the Western scholars cited by Schumpeter are uninfluenced by Islamic intellectual writings. In his article entitled 'The History of Economic Thought: The Schumpeterian "Great Gap", the Lost Arab-Islamic Legacy and Literature Gap', Ghazanfar shows evidence that the Western Scholasticism was a mixture of Patristic, Aristotelian, Neoplatonic and Arab-Islamic thought. Unfortunately, the Arab-Islamic channel is only mentioned in Schumpeter's footnote when it alludes to semite-mediation through Avicenna (930–1033 AD), Averroes (1126–129 AD) and Maimonides (1141–1204 AD). (Ghazanfar "History of Economic Thought: The Schumpeterian "Great Gap", the Lost Arab-Islamic Legacy and Literature Gap," dalam *Medieval Islamic Economic Thought*)

M N Siddiqi in his article entitled 'History of Islamic Economic Thought' (M.N. Siddiqi, "History of Islamic Economic Thought" dalam *Lectures on Islamic Economics*, Ausaf Ahmad dan Kazim Raza Awan (eds.) (Jeddah: IRTI-IDB, 1992), 69-84) expressed the richness of the tradition of economic thought among the classical Muslim scholars who were largely ignored in the study of the history of world economic thought. In this article, Siddiqi divides the periodization of classical Islamic economic thought and civilization into the basic phases of Islamic economics—the phase of progress and the

phase of stagnation. Siddiqi focuses on the main character who contributed to the Islamic economic thought and civilization during that period. This article strengthens the argument that from the time of the Prophet in the seventh century BC to the stagnation period in the fifteenth century AD, there is a wealth of thought and economic civilization developed by Muslim scientists.

A A Islahi in his article entitled 'Contribution of Muslim Scholars to Economic Thought and Analysis' (11-905 AH/632-1500 AD) (Abdul Azhim Islahi, "Contribution of Muslim Scholars to Economic Thought and Analysis (11-905 A.H/632-1500 A.D)" Islamic Economics Research Centre King Abdul Aziz University, Jeddah) also affirms that the thought and civilization of Islamic economics in the Middle Ages preserved the Greco-Roman writing and transferred science from the East to the West, when the European nations were in a vacuum of science. The Schumpeter's 'The Great Gap' thesis is not realistic. Muslim scientists throughout the sixteenth and seventeenth centuries filled this void by preserving, translating and reinterpreting the Greek thoughts and enriching those thoughts with ideas and concepts derived from Islamic beliefs. Islahi also denied the tree of economics described by Samuelson who also preserved Schumpeter's thesis in which economics jumped from Aristotle (350 BC), the source of the gospel, directly to St. John's Thomas Aquinas (1270 AD). (Sri Edi Swasono also inserted juga memasukkan pemikiran dan peradaban ekonomi Islam setelah masa Injil sebagai sumber ilmu ekonomi dunia.)

Ahmad El-Ashker and Rodney Wilson in the book *Islamic Economics: A Short History* (Ahmad El-Ashker dan Rodney Wilson, *Islamic Economics: A Short History*) show evidence of the continuity of Islamic economic thought and civilization of the past with the present. The book reveals the development of Muslim economic thought since the time of the rise of Islam, long time before economics became a separate discipline. This book focuses on the economic issues that precede the development of analytical tools associated with contemporary economics. The study of this book is a testament to the richness of economic thought in the writings of classical Muslim scholars.

Indonesian literature that specifically writes the history of Islamic economic thought and civilization, among other, Adiwarman Karim in his book entitled *History of Islamic Economic Thought*, (Adiwarman Karim, *Sejarah Pemikiran Ekonomi Islam* (Jakarta: PT. RajaGrafindo Persada, 2004).) Arif Hoetoro in his book *Islamic Economics: Introduction to Historical Analysis and Methodology*, (Arif Hoetoro, *Ekonomi Islam: Pengantar Analisis Kesejarahan dan Metodologi*.) Boedi Abdullah in his book *Civilizations of Thought Islamic Economics*, (Boedi Abdullah, *Peradaban Pemikiran Ekonomi Islam* (Bandung: Pustaka Setia, 2010).) and Euis Amalia in his book entitled *History of Islamic Economic Thought*:

From Classical to Contemporary. (Euis Amalia, Sejarah Pemikiran Ekonomi Islam: Dari Masa Klasik Hingga Kontemporer (Depok: Gramata Publishing, 2010).) In general, these books support the history of Islamic economic thought and civilization based on the periodization expressed by pioneers of Islamic economic history writers such as Siddiqi, Islahi and Ghazanfar.

3. Research Methodology

The research design used for this study was the descriptive research design of the survey type. Descriptive research was considered appropriate because it focuses on the perception of existing situation, describes and interprets what is concerned with the issues, conditions, practices or relationship that exist, views, belief and attitudes that are held, processes that are going on and trends that are developing. The plan of study involved the use of questionnaire to collect data in order to answer research questions raised in the study. The study population consists of the lecturers in the universities in North Sumatera.

For the purpose of this study, random sampling, that is, selection of respondents without any definite plan, aim or pattern among the universities, was used in order to give each person in the sampling frame an equal chance of being included in the sample study. A total number of one hundred (100) lecturers in the universities were randomly selected, which gave each person in the sampling frame an equal chance of being included in the sample.