



PUBLIC FINANCE FROM ISLAMIC PERSPECTIVE

HASSANUDIN MOHD THAS THAKER
SHARIFAH NABILAH SYED SALLEH
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PREFACE

The International Institute of Islamic Thought was established as an educational trust in 1981 to promote research and publications to aid in the education of the ummah. As part of its IOK agenda, the IIIT has consistently called for a critical evaluation of existing disciplines and their methodologies - a call for epistemological reform based on twin sources of knowledge i.e. revelation and the universe. The aim was to re-mould disciplines taught in universities that would project the Islamic worldview in those disciplines for the betterment of the ummah and humanity at large.

The late Ismail Raji al-Faruqi, one of the founders of the IIIT in his IOK-Principles and Workplan (1982) talked about the need to develop textbooks that required ‘mastery of both modern knowledge and Islamic heritage’ and based on a critical evaluation of both - to have creative synthesis. More recently another co-founder of the IIIT- the late AbdulHamid Abu Sulayman (who was 2nd Rector of the International Islamic University Malaysia from 1988-1998)- initiated the Textbook/Teaching Materials Project (TMP) that was meant to produce books to be utilised for courses being taught at the IIUM. This was backed up with generous research funding from the IIIT.

Since late 2017, the TMP has been introduced not only in the IIUM, but also in a few other institutions of higher learning. Funds are granted to academics teaching a specific course/s to produce a course-book that would be used as a main reference in a particular course/s. Proposals and manuscripts were reviewed and feedback conveyed to the author. In many ways, these books are still ‘a work in progress’. They are not meant for commercial purposes and have rather limited distribution. The aim is to utilise these materials in class, to receive further feedback from scholars and others and to keep improving these books until they do become standard textbooks to be used in the courses taught.

The book that you have in your hands now is a result of these efforts. The IIIT East and SouthEast Asia Office is pleased to contribute in this project to realise the goals of its founders.

We look forward to constructive inputs for further improvement.

IIIT East and SouthEast Asia Office
IIUM Gombak, Kuala Lumpur

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PUBLIC FINANCE FROM ISLAMIC PERSPECTIVE

"Public Finance from Islamic Perspective" is a comprehensive textbook that methodically merges the fundamental ideas of conventional public finance with the ethical and legal tenets of Islam. The book commences with fundamental principles and utilises Malaysia as a practical case study to examine the essential functions of government, including the rectification of market failures, the provision of public goods, and the management of finances through taxation and expenditure. The distinctive framework offers a vital dual analysis, wherein each traditional subject, including efficiency, externalities, public choice theory, taxation, and government debt, is succeeded by a specific Islamic viewpoint. This comparative analysis juxtaposes Western conceptions with Islamic tenets of fairness (Adl), public welfare (Maslahah), consultation (Shura), and the prohibition of usury (Riba), presenting answers grounded in Zakat and other Islamic financial instruments. The book concludes by positioning Islamic public finance within the global context, examining its contribution to international development and its interaction with global financial institutions. This method offers a vital critical framework for students, researchers, and politicians, connecting theoretical economics with the aim of establishing a more equitable and ethically sound fiscal system.

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