A Note From the Editor

Islamic economics is running a revolution, and so did Keynes. In 1936, he published his General Theory as a revolution against Neoclassical economics. The anti-Keynes counterrevolution was prompt. A session of the Econometric Society Conference was devoted to Keynes's book. James Meade (1937), Roy Harrod (1937) and John Hicks (1937), each gave a paper about the gist of Keynes's book. All three reconstructed the classical/neoclassical model to see whether Keynes's model was more general than its predecessors. They all concluded that it was not. Hicks blurred Keynes's verbal model of short-term disequilibrium and gave it a distinctive neoclassical garb. He later admitted his mistake (Hicks, 1980). Hicks's IS-LM became the standard Keynesian macroeconomics. Hicks's interpretation washed out the revolution. Until now, no concise macroeconomic model of Keynes. (a good PhD dissertation topic whose importance is no longer timely). We now have only the verbal description of Keynes, misinterpreted as the neoclassical IS-LM model, but mistakenly considered "Keynesian." the IS-LM model becomes the standard macroeconomic model. Contrary to the popular belief among economists, it is not of Keynes.

Later, the neoclassics added two more objections: the Pigou (1937) or the real balance effect and the lack of microfoundations. The real balance effect was found to be too trivial. Microfoundations is a red herring to turn attention away from the theory of aggregation.

The moral of this story is that Keynes attempted a revolution against neoclassical economics, whose methodology and conclusions leave a lot to be desired. He neglected to turn his attention against market capitalism, which proved to be a disgrace during the Great Depression. Islamic economics must learn from this lesson. Our revolution must be double-barreled against both market capitalism and its underlying neoclassical theory. We are fortunate to have the basic features of an Islamic economic system in Islam. It might not be easy to put them in one institutional structure for an economy which is void of the rate of interest. Alhamdulillah, we have surmounted this problem (Al-Jarhi, 1981). Now we are ready to meet the challenge.

Having explained what the mission of Islamic economics is, we would like to urge our respected readers to read the output of our contributors with a healthy expectation that Islamic economics remains true to the revolutions it is pursuing. Our referees have been striving to gauge our published articles to further the objectives for which the discipline of Islamic economics has been established. We sincerely thank them for their devotion to the Journal as we are grateful for joining us with their efforts to make the Journal an active participant in founding a lively intellectual field, which we hope will become increasingly relevant over time as it approaches the economic objectives we all so cherish. We also thank our contributors for confronting the challenges of building the new discipline, while keeping in mind their keen interest in making use of the analytical tools of economics to fill the spaces of new ideas that are necessary for the continuous evolution of the discipline. We will know that we are getting closer to our goals, when we see on hand a workable alternative to the received doctrine, both at the micro and the macroeconomic level. We will be even more assured of success when we sense that Islamic economics has provided a better alternative to neoclassical economics and has demonstrated the advantages of the alternative economic system, that promises and delivers equity, efficiency and sustainability. We can then congratulate ourselves, having been helped by our readers and authors for serving a worthwhile cause.