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**The making of Islamic economics : an epistemological inquiry into
Islam's moral economic teachings, legal discourse, and Islamization
process**

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Introduction

1. The Premise

Economic thought in Islamic tradition is not about economics as we understand it in modern terms, with respect to material prosperity, production, distribution, consumption and transfer of wealth. In fact, one could state that economic thought analyzed by classical Muslim scholars is the least concerned with such pursuits. Rather, it pertains to much broader human relations and behavioural patterns of spiritual, metaphysical, and above all, moral qualities.

The importance of spiritual-moral economic development that was present in Islamic intellectual tradition is understood differently in the contemporary subject of Islamic economics and finance for various reasons. The birth of contemporary Islamic economics was colored by the evolution of the natural and social sciences, and the European classification of modern social sciences,¹ including economic discipline, which is concomitant with a particular worldview and vision of knowledge. Contemporary Islamic economics also drew from the socioeconomic and political developments that occurred in the Middle East and South Asia in the 19th century, as many Muslim revivalists² across the region envisioned an Islamic society with *Sharī'a*³ as a central paradigm. This impacted the Muslim development of contemporary Islamic economics vis-à-vis the Islamists' call for an Islamic state and the process of Islamizing sciences, which has been narrated as one component of Islamic identity. This is, however, only part of the story. Europe's incursions into the Middle East in the 19th century amounted to a paradigmatic geopolitical and economic shift in Muslim countries.⁴ Economic ideas expounded by Muslim scholars in the first half of the 20th century (as it will be indicated in Chapters One and Two) emerged as a call for an Islamic vision of (state) economy, which went hand-in-hand with early 20th century Islamists' vision of an Islamic state. This was followed in the latter half of the same century by a flourishing of Islamic economic theories and the establishment of an Islamic banking system.

¹ See Thumas Khun, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970).

² In the thesis, I use the terms revivalists, reformists, Islamists, and *nahḍa* scholars interchangeably, unless otherwise indicated. For more details about the revivalist period, its main representatives, and their ideas, see Chapter One.

³ All Arabic (and Persian) characters, words, and phrases are transliterated according to the Encyclopaedia Islamica style. "System of Transliteration of Arabic and Persian Characters," *Encyclopaedia Islamica*, last modified 2017, <http://referenceworks.brillonline.com/entries/encyclopaedia-islamica/system-of-transliteration-of-arabic-and-persian-characters-transliteration>.

⁴ Tomoko Masuzawa, *The Invention of World Religions* (Chicago and London: University of Chicago Press, 2005), 180.

The gist of the problem of Islamic economics is, however, not so much about the question of identity, but rather the position of science, the perception of knowledge, and the role of *Shari'a* in constructing such an identity in relation to the colonial restructuring of social fabric. As will be evident in the following pages, Islamic economics has been trapped in this construction of scientific positivism, colonial sociopolitical determinations, and the call to Islamize knowledge, which eventually surfaced as a re-configurative economic system, only to yet again be incorporated in the domain of mainstream or orthodox economic narratives.⁵

From the very outset, this thesis is concerned with the plural and polyvalent methodology of studying the phenomenon of Islam as “the historical and human phenomenon...in its plentitude and complexity of meaning,”⁶ economic thought in Islamic tradition, and *Shari'a* through a multitude of approaches in what I call the plural epistemology of Islam's moral economy,⁷ which advocates for a multifaceted hermeneutical reading of the subject. Since epistemological reasoning is also concerned with the question of justification and the limits of this field, the epistemological inquiry poses questions about what sources are utilized by religious scholars and Muslim economists, and how the plural epistemology can be presented as an alternative hermeneutical field. I propose approaching the phenomena of (contemporary) Islamic economics through a genealogical, epistemological, and social analysis of the conditions that formed the very subject, and to further introduce the mechanisms and methodology to study economic teachings in Islamic tradition.

This thesis does not analyze the field of economics and finances *per se*, but the discourse and conceptual framework of economic thinking in Islamic tradition pertaining to moral, philosophical, and theological ideas of classical and contemporary Muslim scholars. Also, it does not aim to address and/or compare the relation between and among the neoliberal capitalist,⁸ Marxist, and Islamic economic thinking.⁹ Instead, it interrogates how the subject matter and the discourse of Islamic economics emerged, what forces attributed to

⁵ By orthodox or mainstream economics, I refer to economic theories often described and considered as part of the neoclassical economics tradition. Mainstream economics applies rational choice theory and emphasizes individual's maximization of his own utility. Moreover, such theories use statistics and mathematical models to demonstrate economic developments. For more see e.g. Richard D. Wolff, Stephen Resnick, *Contending Economic Theories: Neoclassical, Keynesian, and Marxian* (Cambridge, MA: Massachusetts Institute of Technology, 2012).

⁶ Shahab Ahmed, *What is Islam? The Importance of Being Islamic* (Princeton: Princeton University Press, 2016), 5.

⁷ See Chapter Five.

⁸ By neoliberal economics I mean neoliberal political philosophy, whose public policy and assumptions often refer to neoclassical economics, and uphold free trade, low taxes, and low government regulations. Neoclassical economic movement, which started between 1960 and 1980, relates to intellectual tradition of classical liberalism. Richard D. Wolff, Stephen Resnick, *Contending Economic Theories: Neoclassical, Keynesian, and Marxian*, 336-338.

⁹ On comparison between neo-liberal, Marxist and Islamic economic ideas, see for instance Maxime Rodinson, *Islam and Capitalism* (New York: Pantheon Books, 1974); Muḥammad Bāqir al-Ṣadr, *Iqtisādunā* (Tehran: WOFIS – World Organization for Islamic Services, 1982), Vol. 1, part one and two.

its development, and even more so, to what extent it relies on the premodern economic thought in Islam. It is hence centered on the *making* of Islamic economics as an intellectual endeavour and as a discipline. Despite the fact that Chapters Two and Four analyze the methodological shortcomings of contemporary Islamic economics, this thesis neither attempts to engage with political criticism of the contemporary Islamic economic project, nor does it seek to underpin its religious ideas. Rather, it attempts to analyze classical economic tradition in Islam and its distinguished features, which have been lost in the modern era. It does so through tracing the sociology of knowledge that occurred in the shift within the structural processes from colonial to postcolonial Muslim states and by peering into Muslim scholars' writings that elaborate how local structures foresaw socioeconomic development through constructing possible "Islamic" solutions.

This project sets forth to demonstrate that the popular discipline of Islamic economics often obstructs the complexity of historical, sociopolitical, intellectual, and especially moral structures and boundaries between morality, *Sharī'a*, and economic conduct. If one were to claim that there is no existing Islamic economy *per se*, this would be done in light of renouncing the existing platform of contemporary Islamic economics with its financial and banking aspects that have been put into practice, which retrospectively justifies the validity of the discipline. A different epistemological and hermeneutical rereading of Islamic economics via the classic Islamic culture, which nurtured a multiplicity of major paradigms (e.g. *Sharī'a*, *taṣawwuf*,¹⁰ philosophy, theology, etc.) can provide both a metanarrative of viewing economic teachings in Islamic tradition as a method to bridge the gap between the heavenly and the mundane, and a consolidation of seemingly unlikely concepts, such as responsibility with economic conduct, morality¹¹ with law, spirituality with *Sharī'a*, and *'ilm* with *'amal*. Thus in order to explicate the *making* and *unmaking* of an Islamic economic discipline, it is of utmost importance to first discern the legal supremacy of economics from its moral normativity, and second to provide a clear picture of systemic divergences and disparities between medieval and contemporary ideas by analysing Muslim scholars and their texts. In order to first analyse, and second de-essentialize and define the subject matter of Islamic economics with all its

¹⁰ In this thesis, I do not equate *taṣawwuf* with mysticism. While it is more appropriate to understand mysticism as belief that union with the Absolute is inaccessible to the intellect, *taṣawwuf* (and Sufism) is essentially concerned with experiential knowledge and the validity and authority of that knowledge. Throughout the history of Islam, there were diverse Sufi movements, wherein Sufism had been mystical in only some of them. For more on *taṣawwuf* see e.g. Muhammad Abul Haq Ansari, *Sufism and Sharī'a* (Leicester: The Islamic Foundation, 1986).

¹¹ As it will be shown in the following pages, primarily in Chapter Three and Five, the moral self is the center of restructuring of social fabric in Islamic tradition. Morality is not concerned only with rules and principles, but with the cultivation of certain inner dispositions and traits of character that in Islamic tradition pertain to the *Sharī'a's* moral cosmology. Hence, in view of *Sharī'a's* moral cosmology and classical Islamic tradition, morality is in line with virtuous standards based on pure will and intrinsic predisposition (*niyya*), and is not born out of a need to fulfill obligations. See e.g. al-Ghazālī, *The Alchemy of Happiness*, trans. Claud Field (London: J. Murray, 1910); H. A. Prichard, "Does moral philosophy rest on a mistake," *Mind*, Vol. XXI, Issue 81 (1 January 1912): 21-37, accessible at <https://doi.org/10.1093/mind/XXI.81.21>.

peculiarities and specifics, this thesis will examine the subject of Islamic economics, which include two different stocks of knowledge, “Islamic” and “Western” traditions of knowledge. Various religions and cultures have aimed to present the best economic model for humanity, advocating the aspect of justice and morality.¹² This is also the case for the Islamic tradition – however, the concept of the *moral* in Western and Islamic those traditions differs, substantially. In what follows, I briefly present the major aspects of the thesis, which concern economic history and philosophy in the West, social and intellectual history of Islamic economic thought, and how the two systems vary in their historical developments and epistemic (as related to knowledge and justification) reasoning of economics. In the second part of the introduction, I present the main research question. Finally, I survey each chapter of the dissertation and its major elements in more detail and discuss the need for and relevance of such scholarly research.

2. Five Aspects of the Thesis

Deconstructing and de-essentializing contemporary Islamic economics involves deciphering the metanarrative from its subject matter and exploring its genealogy and interconnectedness with the positivist social sciences, Islamists’ political orientation, and financial mechanisms of modern market-driven economics. This suggests that the history and genealogy of economic science in general, and economic thought in Islamic tradition in particular, cannot be conceived in a linear, monolithic manner as an incremental narration with nomothetic social sciences. Instead, it must be thought through an epistemologically plural hermeneutical field.

This thesis explores five conspicuous aspects of the discourse of Islamic economics, including its ontology and genealogy that are divided into five chapters. The introduction summons and briefly presents early modern Europe’s economic philosophy through, chiefly, the Cartesian reducibility of quality to quantity and Hume’s “is-ought” distinction. Chapter One is concerned with the sociopolitical and epistemological developments in Muslim countries at the turn of the 19th century, and the formation of the modern nation-state as a distinctly European project with the notion of the legal and the political. It includes Muslim revivalists’ vision of an Islamic state and society within the parameters of a modern state, as well as Muslim scholars’ re-appropriation of mainstream economic theories through the Islamization of knowledge process. Chapter Two analyzes contemporary Muslim economists and their views on, justifications of, and concerns with Islamic economics. Chapter Three presents the crux of the thesis by extrapolating classical economic tradition in Islam through

¹² On the history of economics in Christianity, see Dotan Leshem, *The Origins of Neoliberalism* (New York: Columbia University Press, 2016).

moral, theological, metaphysical, and spiritual ideas. Chapter Four critiques the Islamic economic project as a hybrid discipline and Islamization of knowledge as a self-perpetuate narrative, while Chapter Five introduces new hermeneutical appropriations of and negotiations with the subject of economic thinking in Islamic tradition as a polyvalent field.

2.1. Western Philosophical Tradition and the Birth of Economic Science

References to the philosophy of positivism in this thesis do not serve only to underline its structural critique in comparison to classical economic thought in Islamic tradition, but rather as a purpose to display its far-reaching implications also for contemporary Muslim economists who aimed to devise a new economic paradigm.

Economic science as a purely objective branch of knowledge neither existed in the classical Islamic tradition, nor in pre-Enlightened Europe.¹³ Nowadays economics is regularly presented through use of a scientific method as being the only way to accrue knowledge, which is often purported as scientism, an ideological construction of science, which views that only scientific claims are meaningful. The science-religion divide depicts religious knowledge as incompatible with scientific reasoning, and is the result of various factors, including a shift in attitudes from liberal to evangelical Christianity in Europe, the rise of creationism in America, and advances in physics and biology, and is most noticeable in Western tradition. Yet, this view is antithetical to Islamic tradition in which the material constitutes a part of the cosmological. The quest for scientific (natural) economic laws and development of economics as an independent science (as organized knowledge) dates back to the very beginnings of philosophical thought and its relation to economic science. Despite its rich history, orthodox economic thought in the West can be read as an effort to separate ideological taints from objective research in order to establish its scientific status.¹⁴ The divorce of economics and ethics, the two of which were formerly entangled with religion, took place first through the process of secularization during the Renaissance given the rise of the market and the subsiding of the moral to the necessities of the commodity exchange: “Secularization, thus

¹³ See for instance scholasticism and the theory of natural law. St. Thomas Aquinas, *Summa Theologica*, trans. Fathers of the English Dominican Province (Perryburg, Ohio: Benziger Bros. edition, 1947); Joseph A. Schumpeter, *History of Economic Analysis* (Oxfordshire: Taylor & Francis e-Library, 2006), chapter one.

¹⁴ “From the mid-nineteenth century onwards economics has fancied itself as methodologically akin to physics. Therefore, almost inevitably economists saw the physics-related revolution in the philosophy of science as relevant to economics as well. Meanwhile the identification of economics with physics in the economist’s mind had become so strong that it almost completely obscured the most fundamental difference between the practice of physics (and indeed of all the natural sciences) and the practice of economics. Whereas physics invents and chooses its methods on the basis of the nature of the phenomena that it studies, economics does not.” Edward Fullbrook, “Introduction: Lawson’s reorientation,” in Edward Fullbrook, ed., *Ontology and Economics – Tony Lawson and His Critics* (London and New York: Routledge, 2009), 3.

understood, is properly described as a general orienting concept that causally links the decline of religion with the process of modernization.”¹⁵

The first aspect of the above-mentioned five-fold problematic is the so-called Cartesian bifurcation¹⁶ that dissociates philosophy from theology, a move which in turn secularized the sciences of nature. The Cartesian bifurcation elevates quantitative measurement of science and theory while denigrating the direct experience of qualities. The distinction between false and true, uni- and multi-dimensional aspects of the universe, is encapsulated in the Scientific Revolution¹⁷ and its main representative in the philosophy of René Descartes.¹⁸ This theory goes hand-in-hand with the assumption that the external world is a mechanical structure, which bisects quality from quantity, since the *modus operandi* of physics is based upon measurements.¹⁹ The Scientific Revolution was superseded by the Age of Enlightenment,²⁰ whose main figures include Voltaire, Denis Diderot, Jean-Jacques Rousseau, David Hume, Adam Smith, and Immanuel Kant. Between the 16th and 18th centuries, mercantilism as a type of national economic policy dominated parts of Europe. It was designed to maximize the export and trade of a nation by accumulating gold and silver

¹⁵ “...secularization theory has not been subjected to systematic scrutiny because it is a doctrine more than it is a theory. Its moorings are located in presuppositions that have gone unexamined because they represent a taken-for-granted ideology rather than a systematic set of interrelated propositions,” and Jeffrey K. Hadden, “Toward Desacralizing Secularization Theory,” *Social Forces*, Vol. 65, No. 3 (1987): 588, 598; see also chapter 8 in Larry Witham, *Marketplace of the Gods: How Economics Explains Religion* (Oxford: Oxford University Press, 2010).

¹⁶ See Wolfgang Smith, *The Quantum Enigma: Finding the Hidden Key* (Hillsdale NY: Sophia Perennis, 2005), 7 ff; idem, *Cosmos & Transcendence: Breaking Through the Barrier of Scientific Belief* (San Rafael, CA: Sophia Perennis, 2008), 21-38; idem, *The Wisdom of Ancient Cosmology: Contemporary Science in Light of Tradition* (Oakton, VA: Foundation for Traditional Studies, 2009).

¹⁷ For more on the scientific revolution and the interplay between mechanical philosophy and mathematical order see Richard S. Westfall, *The Construction of Modern Science: Mechanisms and Mechanics* (Cambridge: Cambridge University Press, 1978). On the critique of the progress in “normal sciences”, see Thomas Khun, *The Structure of Scientific Revolutions* (Chicago: University of Chicago Press, 1970). On the history and influence of scientific development in Islamic tradition, see George Saliba, *Islamic Science and the Making of the European Renaissance* (Cambridge, Massachusetts: MIT Press, 2007).

¹⁸ “Somit darf ich als allgemeine Regel festsetze, daß alles das wahr ist, was ich ganz klar und deutlich auffasse.” (videor pro regulâ generali posse statuere, illud omne esse verum, quod valde clare & distincte percipio) Descartes, *Meditationes III*, trans. Gerhart Schmidt (Stuttgart, 1986), AT, 7:35 in Thomas Bauer, *Die Kultur der Ambiguität. Eine andere Geschichte des Islams* (Berlin: Verlag der Weltreligionen, 2011), 55 f.

¹⁹ “The first thing to be noted is that one measures, not directly by sight, or by any other sense, but by means of an artefact, an appropriate instrument. What counts, in fact, is the interaction between object and instrument: it is this that determines the final state of the instrument, and hence the outcome of the measurement. And that outcome, moreover, will be a quantity... Now to be sure, the experimental physicist makes use of his senses at every step; and it is by way of sense perception, in particular, that he ascertains the final state of the instrument. But this does not mean that he perceives the quantity in question... What one perceives are corporeal objects of various kinds-including scientific instruments... But one does not perceive measurable quantities. And that is the reason why one needs an instrument. The instrument is required precisely because the quantity in question is *not* perceptible. It is thus the function of the instrument to convert the latter, so to speak, into the perceptible state of a corporeal object, so that, by means of sense perception, one may attain to the knowledge of something that is not in itself perceivable.” Wolfgang Smith, *The Quantum Enigma: Finding the Hidden Key*, 29-30.

²⁰ Michel Foucault, “What is Enlightenment?” in Rabinow (P.), ed., *The Foucault Reader* (New York: Pantheon Books, 1984), 32-50.

while minimizing costs.²¹ Mercantilism developed during a time of major economic transition in Europe, when feudal estates were transforming into nation-states and the accumulation of monetary reserves from foreign nations prompted colonial expansions.

Closely related to the Cartesian bifurcation is the second perspective pertaining to Western economics and the inner association between “positive” and “descriptive” statements. This division is a consequence of David Hume’s “is-ought” dichotomy, whereby the “is” describes the way something “is,” whilst the “ought” denotes “what ought to be.”²² It was this distinction that helped create the paradigmatic shift in the modern sciences that dichotomized fact from value, which culminated in the making of the modern bureaucratic state²³ – a fact which bears significance for the Islamic economic project. Since the Enlightenment, economists had been seeking to mathematize the study of economics. The result was the process of deductivism in economics (morphing developments within the discipline of mathematics into mathematical deductivism),²⁴ while practitioners were oblivious to the given inconsistency between the scientific and mathematical modelling, as well as about the ontological presuppositions of the nature of social reality. The rise of mathematical deductivism has culminated in positivism as a philosophical system that recognizes only that which can be scientifically verified, while rejecting metaphysics.²⁵ Namely, methods found to be successful in natural sciences were applied in social science. “The futile search for constants in human behavior condemns econometrics to sterility; it disregards the basic truth that human beings act.”²⁶ This dichotomy was, however, unknown to the classical Islamic intellectual tradition in which the economic, legal, and political were placed under the banner of the moral.

²¹ For an overview of mercantilist literature, see Joseph A. Schumpeter, *History of Economic Analysis*, chapter 7.

²² David Hume, *A Treatise of Human Nature* (Auckland, New Zealand: The Floating Press, 2009).

²³ “This paradigm shift finds attestation in nearly all modern phenomena, beginning with the creation of a distinction between fact and value and Is and Ought and ending with the modern bureaucratic state, modern capitalism, and nationalism.” Wael Hallaq, *The Impossible State* (New York: Columbia University Press, 2013), 10, 75.

²⁴ “Academic economics is currently dominated to a very significant degree by a mainstream tradition or orthodoxy, the essence of which is an insistence on methods of mathematical-deductivist modelling.” Tony Lawson, *Reorienting Economics*, 3, 5.

²⁵ See e.g. Bruce Caldwell, *Beyond Positivism: Economic Methodology in the Twentieth Century* (London: Routledge, 1994); Milton Friedman, “The Methodology of Positive Economics,” in *Essays in Positive Economics*, ed. Milton Friedman (Chicago: University of Chicago Press, 1953), 3-43.

²⁶ According to Lawson, the world that mainstream economists analyze is the empirical world. Instead, economics ought to embrace a “social ontology” to include the underlying causes of economic phenomena. “I have argued for a theory of social ontology that includes forms of social structure, including social relationships, rules, positions, processes and totalities, etc., that collectively constitute a relatively autonomous realm, being dependent upon and resulting from human interaction, but with properties that are irreducible to human interaction, though acting back upon it.” Tony Lawson, *Reorienting Economics*, 68. In view of the positivist foundations of (Islamic) economics and its financial aspect, it is rendered undesirable since mathematical axioms often do not correspond to the reality on the ground, and have little to do with the epistemological axioms of classical economic thought.

The secularization of production processes as part of a modern discipline of economics with the idea of a rational individual who acts in his own self-interest, as well as the labour theory of value took place in the next century with Adam Smith. Smith's *Wealth of Nations* (1776) as an analytical book addressed political economy in the context of the industrial revolution.²⁷ Although Smith was an antimercantilist and a moral economist, the beginnings of classical economic thought²⁸ in the West also marks Smith's pursuit of laws of economic motion as found in physics by Newton, and Ricardo's proposition of the moral laws of distribution.²⁹ Some of the subsequent economic theories comprise also of Jevon's mechanic utility theory and Samuelson's theory of optimization, as they were – in spite of their multitude – delineated according to the natural sciences and laws, especially mathematics and physics.³⁰ Jevons states that his

... theory of Economics, however, is purely mathematical in character. Nay, believing that the quantities with which we deal must be subject to continuous variation, I do not hesitate to use the appropriate branch of mathematical science, involving though it does the fearless consideration of infinitely small quantities. The theory consists in applying the differential calculus to the familiar notions of wealth, utility, value, demand, supply, capital, interest, labour, and all the other quantitative notions belonging to the daily operations of industry. As the complete theory of almost every other science involves the use of that calculus, so we cannot have a true theory of Economics without its aid.³¹

The utilitarian philosophical tradition inspired by psychological hedonism influenced economic theories, by justifying that there is no distinction between needs and wants.³²

²⁷ Adam Smith, *The Wealth of Nations*, electronic version, MetaLibri, 2007.

²⁸ Although Smith's economic theory was appropriated by neoclassical economists, there is a discrepancy in reading Smith's theory of the invisible hand and the notion of self-interest among classical and neoclassical economists. See Adam Smith, *The Theory of Moral Sentiments*, electronic version, MetaLibri, 2005; Adam Smith, *The Wealth of Nations*, electronic version, MetaLibri, 2007

²⁹ David Ricardo, *On the Principles of Political Economy and Taxation* (Kitchener, Ontario: Batoche Books, 2001), chapter four.

³⁰ See Jeremy Bentham, *An Introduction to the Principles of Moral Legislation* (Kitchener, Ontario: Batoche Books, 2001); John Stuart Mill, *The Collected Works of John Stuart Mill, Volume IV - Essays on Economics and Society Part I*, ed. John M. Robson (Toronto: University of Toronto Press, London: Routledge and Kegan Paul, 1967); John Stuart Mill, "On the definition and method of political economy," in Daniel Hausman, ed. *The Philosophy of Economics: An Anthology* (Cambridge: Cambridge University Press, 2007), 52-69; David Ricardo, *On the Principles of Political Economy and Taxation* (Kitchener, Ontario: Batoche Books, 2001); Waleed Addas, *Methodology of Economics: Secular vs. Islamic* (Kuala Lumpur: International Islamic university Malaysia, 2008), 53.

³¹ W. Stanley Jevons, *The Theory of Political Economy* (New York: Augustus M. Kelley, Bookseller, 1960), 3.

³² This stems from Bentham's theory that the ultimate object of desire is pleasure. "Nature has placed mankind under the governance of two sovereign masters, pain and pleasure." Jeremy Bentham, *An Introduction to the*

Psychological hedonism indicates that the benefit of an item is qualitatively different but quantitatively similar, which further implies rationalizing future needs for wants. Such a philosophical tradition extends to economics, finances, property rights, the notion of distribution, and other domains of economic activities.

The separation of economics and ethics, as it is known nowadays, occurred in the 18th century, when economics became its own distinct science, as conceived also by John Stuart Mill, who advocated for the application of scientific method in social sciences.³³ The first phase was to set apart politics from morals and to establish economics as a respectable discipline, as an emancipated field, which subjected various domains and disciplines to its logic. This later became known as the “imperialism of economics.”³⁴ Classical economics included a value theory and distribution theory.³⁵ It is often that logic and mathematic science are regarded as objective and infallible conceptual and analytic tools in natural sciences. This mathematical empiricism, which pertains to the domain of ontology is a key methodical question for a scientist or philosopher. What August Comte, for example, aimed at is an arrangement of scientific knowledge in order to establish a hierarchy of sciences. And since he was concerned with social evolution, Comte styled a theory of natural progress.³⁶ “Methodologically, Comte’s plan was to observe historical and ethnological facts and to build his science of society from such generalizations as these facts would suggest. This is, of course, a very familiar program that was, then and later, espoused by numerous writers, especially by historical economists.”³⁷ However, it is rather an ontology (but also a worldview) that decides the method and not the other way around.³⁸ Since classical economic science was conceived in relation to the physical realm of inquiry, it adopted and maintained

Principles of Moral Legislation (Kitchener, Ontario: Batoche Books, 2001), 14. See also John S. Mill, *Utilitarianism* (London: Parker, Son and Bourn, 1863).

³³ John Stuart Mill, *A System of Logic* (Harper & Brothers, 1882), electronic edition published by eBooks@Adelaide, 2014, accessed April 24, 2017; “John Stuart Mill not only turned economics primary concerns away from production and distribution to those of value, he also made the case that economics, and the social sciences in general, should ape the methodology of astronomy and physics.” Edward Fullbrook, “Introduction: Lawson’s reorientation,” in Edward Fullbrook, ed., *Ontology and Economics – Tony Lawson and His Critics* (London and New York: Routledge, 2009), 3.

³⁴ Jesus M. Zaratiegui, “The Imperialism of Economics over Ethics,” *Journal of Markets and Morality*, Vol. 2, No. 2, (1999): 208.

³⁵ See e.g. Michel Foucault, *The Order of Things* (New York: Vintage Books, 1994), 251-263.

³⁶ Auguste Comte, *A General View of Positivism* (Cambridge: Cambridge University Press, 2009), 22. For August Comte, the epistemological perspective of positivism in physical sciences had to be implemented in the science of human society – sociology. His view of positivism defines the methodology and empirical goals of sociological method, by perceiving the theological stage subordinated to the metaphysical, which was further subordinated to the positive. See Auguste Comte, *A General View of Positivism* (Cambridge: Cambridge University Press, 2009) 48; Harriet Martineau, trans., *The Positive Philosophy of Auguste Comte* (Kitchener, Ontario: Batoche Books, 2000), 27; Anthony Giddens, *Positivism and Sociology* (Aldershot, UK: Ashgate Publishing Limited, 2nd edition, 1974), 1.

³⁷ Joseph A. Schumpeter, *History of Economic Analysis*, 493.

³⁸ By ontology, I refer to Lawson’s study (or theory) of being or existence that is concerned with the nature and structure of an object in reality. See Tony Lawson, *Reorienting Economics* (London and New York: Routledge, 2003), 12.

the hermeneutical field of empirical knowledge, including mathematical statements.³⁹ Yet, purely scientific, objectifiable, and rational economic science was never established, for economic vision, epistemology, and methodology rest upon a particular worldview that is expounded by certain values.⁴⁰ In this sense, no field of knowledge, including economics, is value-free in its entirety.

The change in economic theory from classical to neoclassical economics – a term coined by Thorstein Veblen⁴¹ – is, among others, attributed to William Stanley Jevons, Léon Walras, and Alfred Marshall, and has been called the “marginal revolution.”⁴² Veblen was critical of his contemporaries and their views on economy as an autonomous and static field. Although he disagreed with the neoclassical economics of the time and described economic behavior as socially determined, he developed a 20th century evolutionary economics based upon Darwinian principles and ideas emerging from other fields of social sciences, such as, sociology, psychology, and anthropology. In spite of the fact that ethics does play a certain role in the economic and financial world, neoclassical economists believed that societal moral norms and codes can be assessed and analyzed from an economic point of view.⁴³ For instance, the cost benefit analysis is in Western economic tradition based on utility function,⁴⁴ in comparison to the classical Islamic concept of *maṣlaḥa* as a moral mechanism that employs social good. The theory of (mono) utility evolves around needs and wants, which is the

³⁹ “The recent flurry of empiricist and quasi-empiricist views of mathematics is based on the assumption that mathematical statements are factual and empirical. The statement is perhaps stretchy. It could be correct only if the condition that mathematics is presented in theoretical terms capable of explaining some phenomenon or aspects of the physical reality. It has been convincingly shown that induction and analogy, albeit powerful tools of discovery, could not yet produce conclusive proofs or evidence for some well-known mathematical theorems. The use and failure of computers to verify the steps of mathematical logic in some cases – e.g. the four color theorem – implies that the conception of a proof can involve fallible arguments. Therefore, the falsifiability of a theory is taken as the main necessary condition for appraising theories against empirical evidence. In other words, falsifiability constitutes the true criterion of demarcation of ‘scientific’ propositions.” Waleed Addas, *Methodology of Economics: Secular vs. Islamic*, 93.

⁴⁰ Social sciences, including economics, sociology, political studies, anthropology and human geography, etc., deal not only with a different spatial reality, but also with a different structures and processes than natural sciences. See Tony Lawson, *Economics and Reality* (London and New York: Routledge, 1997).

⁴¹ Thorstein Veblen, “The Preconceptions of Economic Science – III,” *The Quarterly Journal of Economics*, Vol. 14, No. 2 (1900): 261; Thorstein Veblen, *The Theory of the Leisure Class* (New York, and London: The Macmillan Company, 1912).

⁴² Jevons saw his economic theory as an application of Jeremy Bentham’s utilitarianism. See Harro Maas, *William Stanley Jevons and the Making of Modern Economics* (New York: Cambridge University Press, 2005); Alfred Marshall, *Principles of Economics* (London: Macmillan and Co. 8th ed. 1920), accessed online (April 25, 2017).

⁴³ Jesus M. Zaratiegui, “The Imperialism of Economics over Ethics,” 216.

⁴⁴ “Eighteenth-century economics stood in relation to mathesis as to a general science of all possible order; nineteenth-century economics will be referred to an anthropology as to a discourse on man’s natural finitude. By this very fact, need and desire withdraw towards the subjective sphere – that sphere which, in the same period, is becoming an object of psychology. It is precisely here that in the second half of the nineteenth century the marginalists will seek the notion of utility.” Michel Foucault, *The Order of Things*, 257.

opposite of the Islamic approach to welfare that includes moral and spiritual needs.⁴⁵ The second phase of neoclassical theory upholds the claim that such economic theory was (meant to be) neutral.⁴⁶ This ultimate secularization of economic theory comes from the second reduction of quality to quantity, which encompass the whole of economic science. Furthermore, Marxism is entangled in this intricate web of science-value relation.⁴⁷ Despite its approach to renounce normative philosophical ethics as well as the validity of the state as a structure of the bourgeois economic interest,⁴⁸ Marxist analysis of politics affirms the legacy of the positive science.⁴⁹ Marxism, despite its social mechanisms that promote well-being of society at large, as well as theoretical underpinnings explaining the science of economic life and the means of production, entails dogmatic stipulations as would any other economic approach.

The formation of a modern nation-state – that established the norm of the legal as we understand it in Foucauldian terms as a top-down hegemonic approach and the subordination of citizens as legal subjects⁵⁰ – impacted the development of national economies.⁵¹ The legal is inextricably interrelated to the concept of the political and the repercussions it had also for the emergence of political Islam.⁵² Hallaq points out that the legal in any other era and society

⁴⁵ “Despite the problems with the notion of a single use value, the conventional economic literature never (to our knowledge) discusses the analytical tool necessary for cases involving multiple use values on one hand and a single end on the other, which Islamic and other religious values require.” Waleed El-Ansary, “The Quantum Enigma and Islamic Sciences of Nature: Implications for Islamic Economic Theory,” *Proceedings of the 6th International Conference on Islamic Economics and Finance* (Jeddah: Islamic Development Bank, 2005), 154; see also page 149.

⁴⁶ “But since mono-utility functions cannot support the distinction between values and tastes or intrinsic “good” and “evil,” the neoclassical theory of choice favours libertarian policies while claiming to be neutral, thereby smuggling psychological hedonism into economic policy while suppressing the need for substantive philosophical debate over these policies.” Waleed El-Ansary, “The Quantum Enigma and Islamic Sciences of Nature: Implications for Islamic Economic Theory,” *Proceedings of the 6th International Conference on Islamic Economics and Finance* (Jeddah: Islamic Development Bank, 2005), 168.

⁴⁷ Even though Marx was not a moral philosopher and was opposed to morality and ethics of his time, he did have a moral theory of society. See R. G. Peffer, *Marxism, Morality, and Social Justice* (Princeton: Princeton University Press, 1990); Eugene Kamenka, *The Ethical Foundations of Marxism* (Routledge & Kegan Paul, 1962, electronic edition).

⁴⁸ For Marx, economic classes are contingent upon a nation-state, because a state is by definition an instrument of social control used by the members of one class to suppress the members of a subordinate another. Karl Marx, Friderich Engels, *Die deutsche Ideologie* (Berlin: Akademie Verlag, 2003). Hallaq notes that classical Muslim scholars would – although for different reasons – affirm the idea of disappearance of the bureaucratic state as envisioned by Marx in the post-capitalist (communist) society. See Wael Hallaq, *The Impossible State*, 31.

⁴⁹ Donald Clark Hodges, “Historical Materialism,” *Ethics, Philosophy and Phenomenological Research*, Vol. 23, 1962, 6. Marx was against the traditional notion of morality as an ethics of duty that is separated from the underlying concerns of daily life. In this sense, Marx sought an approach, which would unify daily concerns with moral concerns.

⁵⁰ See Michel Foucault, *Discipline and Punishment* (New York: Vintage Books, 1979).

⁵¹ For Ludwig Mises (1881–1973), a leading spokesman of the Austrain School of Economics, the solution for a nation to avoid militaristic excursions was a return to rationalistic liberalism. See Ludwig Mises, *Nation, Staat, Wirtschaft: Beiträge zur Politik und Geschichte der Zeit* (Wien und Leipzig: Manzsche Verlags und Universitäts-Buchhandlung 1919).

⁵² Salvatore holds that the hermeneutical field of political Islam grounded the revivalist Islam. Armando Salvatore, *Islam and the Political Discourse of Modernity* (Reading: Ithaca Press, 1997), 165-166. Bauer states

differs from the “legal” and the “moral” as they materialized in a modern state, for the legal was in premodern Islam derived from the moral.⁵³ Political theology (found within the Schmittian doctrine)⁵⁴ is only possible with the condition of the modern state. In consideration of Schmitt’s theory, law becomes a mechanism of politics, whereby the political is constituted by the state.⁵⁵

Ever since the dichotomization of the “is-ought” problematic, moral economics has been treated as a reductionist phenomenon. Many contemporary economists claim that economics can be treated either as a natural science, with its important yet problematic element of mathematical deductivism, under the pretext that it can be validated, objectified and monitored; or it is handled as a social science, in that it is a spontaneous order that pertains to social institutions.⁵⁶ By doing the latter, one falls into the trap of ideological rationale, since the neoliberal economic paradigm has been driven by ideological force *par excellence*, treating economics according to market forces.

Economic ideas emerge out of social systems and as such within particular historical moments. In the modern era, concepts pertaining to economic theories and financial markets manifest epistemological and political realities in which economic provisions are made to be objectives themselves.⁵⁷ This has been facilitated by modern nation-state apparatus, while universities and academic departments furthered the study of conventional economics as “science.” For any economic system to be valid and to flourish, state laws and a particular political economy have to be enforced. The contribution of modern economic science, despite its plural and at times opposing theories and voices, inevitably led to the emergence of a global economic outlook that obliterates cosmological and moral foundations of human

that West-oriented Islamic revivalism through traditionalism provided for the birth of fundamentalist Islam. Thomas Bauer, *Die Kultur der Ambiguität. Eine andere Geschichte des Islams* (Berlin: Verlag der Weltreligionen, 2011), 59-60.

⁵³ Wael Hallaq, *The Impossible State*, 83.

⁵⁴ Carl Schmitt, *Der Begriff des Politischen* (Berlin: Dunckner & Humbolt, 1979); for the English translation see Carl Schmitt, *The Concept of the Political*, trans. George Schwab (Chicago and London: Chicago University Press, 1996); Giorgio Agamben, *The Signature of All Things* (New York: Zone Books, 2009).

⁵⁵ The emergence of the nation-state is also intertwined with the idea of secularism and liberalism. Secularism is closely related to the project of the modern nation-states as a political doctrine in which economic behaviour was enmeshed with the concept of the legal and the political, and according to Charles Taylor, defined as an independent and non-religious political ethic. Considering such historical developments of secularism in Europe, the notion of sovereignty of a nation-state appeared to be defined in counter theological terms. Talal Asad, *Formations of the Secular* (Stanford: Stanford University Press, 2003); Isaiah Berlin, *Liberty* (Oxford: Oxford University Press, 2002), 2.

⁵⁶ For the proponents of the neoliberal approach see e.g. Milton Friedman, “The Methodology of Positive Economics,” in *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953), 3-43; Hayek argues in favour of a society organised around a market order, see Friedrich Hayek, *Individualism and Economic Order* (Chicago: University of Chicago Press, 1948); idem, *The Road to Serfdom* (Chicago: University of Chicago Press, 2007); idem, *The Counter Revolution of Science* (The Free Press of Glencoe Collier-Macmillan Limited, London, 1955).

⁵⁷ “The trouble about valuing means above ends—which, as confirmed by Keynes, is the attitude of modern economics—is that it destroys man’s freedom and power to choose the ends he really favours; the development of means, as it were, dictates the choice of ends.” Ernst F. Schumacher, *Small is Beautiful*, 51.

conduct, in that the ultimate value of economy is not welfare-oriented predispositions, but the maximization of individual provision.

A market economy can exist only in a market society... A market economy must comprise all elements of industry, including labor, land, and money. (In a market economy money also is an essential element of industrial life and its inclusion in the market mechanism has, as we will see, far reaching institutional consequences.) But labor and land are no other than the human beings themselves of which every society consists and the natural surroundings in which it exists. To include them in the market mechanism means to subordinate the substance of society itself to the laws of the market.⁵⁸

As asserted by contemporary economists like Thomas Piketty and Tony Lawson, the term “economic science” must be tendered with caution. Even though for Piketty economics is part of the social sciences – which is, as will be discussed in Chapters Four and Five, a problematic categorization due to the mechanisms borrowed from natural sciences⁵⁹ – he is very skeptical of the term “economic science.” Piketty therefore advocates the usage of the term “political economy,” for, despite its old-fashioned usage, it fits the narrative of economy much better and sets it apart from other social sciences, namely its political, normative-based and moral intentionality.⁶⁰ Defined as political economy, economics is much more than just quantifications and formulas. It addresses the very core of social circumstances and analyzes various impacts on society, which is in Islamic tradition – unlike the neoclassical economics – not devoid of a moral fiber. From this perspective, economics cannot be perceived as a science on its own like physics per se, for science depends on predictability and certitude. Economics, conversely, has too often been proven to be wrong, yet correct only when analyzing events in retrospect. The market, whose final determinant is the state, is not a natural entity. The neoliberal conviction that views market economy as the absence of the

⁵⁸ Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 2001), 74-75.

⁵⁹ On the development of social sciences, see Immanuel Wallerstein et al., *Open the Social Sciences* (Stanford: Stanford University Press, 1996,) 9-14; “Sociology was born in the midst of profound tension between religion and liberal culture in Europe, and only in this context can we understand the discipline of sociology's understanding of religion.” Jeffrey K. Hadden, “Toward Desacralizing Secularization Theory,” *Social Forces*, Vol. 65, No. 3 (1987): 589; see also Tomoko Masuzawa, *The Invention of World Religions* (Chicago and London: University of Chicago Press, 2005), 15.

⁶⁰ Piketty explains: “I dislike the expression ‘political science,’ which strikes me as terribly arrogant because it suggests that economics has attained a higher scientific status than the other social sciences. I much prefer the expression ‘political economy,’ which may seem rather old-fashioned but to my mind conveys the only thing that sets economics apart from the other social sciences: its political, normative, and moral purpose.” Thomas Piketty, *Capital in the Twenty-First Century* (Cambridge, Massachusetts: The Belknap Press of Harvard University Press, 2014), 573-574.

state is a relatively recent phenomenon,⁶¹ whereby the state is becoming similar to a business enterprise. The nation-state treats citizens as its entrepreneurs, and has proven that it is incapable of ensuring a healthy functioning of markets. Markets are not self-regulating, but they can ensure optimal conditions according to market regulations. In this sense, Smith's invisible hand – which has been the driving force of classical economic conception – is practically nonexistent. Economic solutions that are being presented thus ought not to be solely concerned with the material world, but with interrogating the basic fundamentals of human behavior. Hence, it would be naïve to expect from economists systemic propositions and theoretical solutions on how to reorganize social life. For these reasons, it has been argued that today's economic activities are separated from ethical considerations and the natural world.⁶²

2.2. The Genealogy of Modern Islamic Economics

The perception of Islam as a political entity coincided with the notion of the political in the backdrop of 19th century Europe.⁶³ Muslim revivalists in the 19th and 20th centuries addressed political and social issues that eventually bolstered an economic Islam. In classical Islamic tradition, however, the individual did not exist for the sake of the state (government), but for the opposite. The governmental authority promoted the welfare to the individual,⁶⁴ which was part of the *umma* not as an abstract (worldly) entity but as a concrete (local) one. Hence, it is incumbent upon Muslim scholars to think of Islamic economics outside the box of the nation-state.

This conspicuous aspect of the debate on Islamic economics pertains to the colonial period and the conception of the state, which was in many ways seen as a reaction to and a continuation of the writings from the revivalist period in Islam (*al-nahḍa*).⁶⁵ While some Muslim revivalists advocated those theoretical excursions as a means of consolidating the moral, educational, and political transformation of Muslim societies,⁶⁶ others later in the 20th century attempted to restore the lost *adab* (moral and spiritual characteristics) of the Islamic

⁶¹ Thomas Piketty, *Capital in the Twenty-First Century*, 473-474.

⁶² Ernst F. Schumacher, *Small is Beautiful* (London: Perennial Library, 1973), 92.

⁶³ On the notion of political, see Carl Schmitt, *Der Begriff des Politischen* (Berlin: Dunckner & Humboldt, 1979).

⁶⁴ See Sherman Jackson, *Islamic Law and the State: The Constitutional Jurisprudence of Shihāb al-Dīn al-Qarāfi* (Leiden: Brill, 1996), 224.

⁶⁵ For more on the intellectual history of *al-nahḍa*, see Jens Hanssen, Max Weiss, *Arabic Thought beyond the Liberal Age* (Cambridge: Cambridge University Press 2016).

⁶⁶ See e.g. Mawdudi, *Islamic Economic System: Principles and Objectives* (Delhi: Markazi Maktabah Islami, 1980); "The decision to go for Islam as a political formula to the detriment of Islam as a culture assumes the shape of a contemporary call for tatbiq (implementation) of the shari'a – it blatantly overlooks the history of the shari'a and the related predicament." Bassam Tibi, *Islam between Culture and Politics* (New York: Palgrave, Macmillan, 2005), 155.

civilization.⁶⁷ The revivalists' ideas (for the authors see methodology below) were largely expressions of the sociopolitical and economic conditions of the time. They called for the re-application of *Sharī'a* as state law and defended the Muslim subject, while aiming to implement methods, theories, and concepts that were unique and profound to the Western intellectual makeup. According to Bjørn Olav Utvik, the driving force of Islamism as a political ideology is social as well as religious: "... rather than being a hostile or negative reaction to change, Islamism could be seen as on the whole an effort to promote modernisation while Islamising, domesticating and indigenising it."⁶⁸

The sociology of knowledge of Muslim societies changed during the colonial period. In the consecutive decades with the emergence of the nationalistic sentiments in South Asia, the echoes of political Islam and the resurgence of scholars who wrote on Islamic economics such as Muhammad Hamidullah, Abū al-A'ālā Mawdūdī, and others,⁶⁹ explored the concept of the Muslim state. Those religious scholars invoked the state – which was a uniquely European phenomenon – as a way to expand "authentic" Islamic ideas based on the Divine law. Consequently, the concept and institution of *Sharī'a* as a moral cosmology – as it was practiced by their Muslim predecessors in the classical period – was gradually being altered into a legal and juridical understanding, which would correspond to the modern classification.⁷⁰

What followed was the merging of an Islamization of knowledge process and Islamic economic theories as a methodological hybridity of Islamic terminology and neoclassical economics. Since Muslim scholars have taken the existence of the nation-state for granted, including Islamist thinkers, I argue that contemporary Islamic economics is ideologically constructed through the mechanisms of secular economics, which rests upon the epistemology of neoclassical economics and the conditions of a modern nation-state that was made "Islamic" through the Islamization process. The Islamization of knowledge process that aimed to Islamize domains of human action, has been coined and developed in the second half of the 20th century by Isma'il al-Faruqi⁷¹ and Muhammad Naquib al-Attas.⁷² Pertinent to the Muslim conception of knowledge is the notion of *'ilm* and *ma'rifa*, translated as science and knowledge, not only as utilized and understood by the classical Muslim scholars themselves, but also from the modern context. Following the philosophy of Isma'il al-Faruqi and Muhammad Naquib al-Attas, the Islamization process has at least two strands that aim to

⁶⁷ See Muhammad Nauqib al-Attas, *Islam, Secularism and the Philosophy of Future* (London, New York: Mansell, 1985); idem, Muhammad Nauqib Al-Attas, *Islam and Secularism* (Kuala Lumpur: ISTAC, 1993).

⁶⁸ Bjørn Olav Utvik, *Islamist Economics in Egypt* (Boulder, London: Lynne Rienner Publisher, 2006), 22.

⁶⁹ On the economic ideas in Islam between 1930 and 1970, see Chapter One.

⁷⁰ See e.g. Bassam Tibi, *Islam between Culture and Politics* (New York: Palgrave, Macmillan, 2005), 63-66, 148-166.

⁷¹ Isma'il al-Faruqi, *Islamization of Knowledge* (Herndon, VA: IIIT, 1982).

⁷² E.g. Muhammad Nauqib al-Attas, *Islam, Secularism and the Philosophy of Future* (London, New York: Mansell, 1985).

accommodate various teachings stemming from Islamic sources and basic principles in order to attain a new understanding of knowledge that would be suitable and applicable in Muslim countries, while often resorting to the methods, concepts, and theories of their Western counterparts. The Islamization process was most successfully applied to economic models. Islamic economics and banking, conceived through the Islamization process, has despite its theoretical critique of neoliberal economic paradigm, endorsed the mainstream political-economic ideology instead of pursuing the postulates that are supposedly intrinsic to Islamic economic thought, such as the idea of socioeconomic justice and higher moral ends. Given the impact of the Islamization of knowledge process on Islamic economics, several reservations for that model exist, since Islamization of economic appears to be only a temporary solution. Consequently, this process constructs a self-perpetuated narrative of its own economic worldview that does not primarily aim to provide for the social benefit of society as a whole, but rather sets to distinguish itself from other mainstream economic systems, or even operates within them. As explored in Chapter One, from the 1970s onwards, Islamic institutions, universities, and educational centers advocated for an economic curriculum that accommodated Western economic structures and courses.⁷³ This exposes the methodological confusion, which was seen only as a plan of action. Muslim economists perceived such a methodology as dependent on the subject it studied.⁷⁴ Due to the deductive method in contemporary Islamic economics, “research remained focused on the ‘ideal’ situations and normative behavior given by Islamic rules and values.”⁷⁵ As such, it prompted the study of economics as a legal subcategory that did not correspond to social reality on the ground.

As we shall see in Chapter Two, according to the majority of Muslim economists, the subject of Islamic economics is approached from a legal-financial perspective loosely embedded in *Sharī‘a* as a methodological tool. By establishing itself within the “scientific” parameters of knowledge, as it was known in 19th century Europe, Islamic economics presented itself as an alternative economic system to capitalism⁷⁶ and socialism, while tuning

⁷³ Waleed A.J. Addas, *Methodology of Economics: Secular vs. Islamic*, 5.

⁷⁴ Zubair Hasan, “Islamization of Knowledge in Economics: Issues and Agenda,” *IJUM Journal*, Special Issue, Vol. 6, No.2, (1998): 3.

⁷⁵ Abdulrahman Yousri Ahmed, “The Scientific Approach to Islamic Economics: Philosophy, Theoretical Construction and Applicability,” in *Theoretical Foundations of Islamic Economics*, ed. Habib Ahmed (Jeddah: Islamic Development Bank, Islamic Research and Training Institute, 2002), 50.

⁷⁶ Capitalism is based on the neoliberal ideology of production and distribution of goods of the free market economy in which production activities are privately owned. The exchange of commodities and services are floating free i.e. without any systematic injunction of the state. Privatization of personal and public domains often results in secluding private ownership, exploitation of human psyche and labour, as well as privileging profit over people’s needs. Historically, capitalism evolved in England in the 19th century, although formal modes of capitalism were known also in other regions before that time. It soon spread through Europe and beyond via mercantilism and colonial projects, which exploited natural resources and human force. Under capitalism, the means of production are privatized, including services, properties and industries. This assumingly free utilization and appropriation of property by owners plays into the discussion of production activities by acquiring profit and expanding monopoly over the working force. By capitalism, I generally refer to “a system of

toward the scientific theories of neoclassical economic positivism.⁷⁷ Such theories disregarded not only the scholarship but also the epistemic value of premodern Muslim scholars and their ideas on moral economic behaviour. This eventually led to the coupling of Islamic economics and finances with a mainstream economic framework, which was only a lip-service to *Sharī'a*'s legal impediments. In constructing an economic system, contemporary Muslim economists relied on neoclassical theorems as well as religious scriptures. The inner structure of Islamic economics, despite its distinctly religious and spiritual characteristics, rests upon the neoclassical economic paradigm and its tainted views on the universe through preconceived economic terms, concepts and methodology. And since economic methodology differs from legal philosophy, Muslim economists faced a second methodological stalemate. Given the neoclassical economic system on one hand and *fiqh* methodology with which Muslim economists operated, on the other, the Islamic financial sector was devised with Western economic conceptualization and policy.⁷⁸ Further, since there is no real-time existing Islamic economy, the data Muslim economists established indicates a methodological synthesis as well as epistemological discordances. These inherently asymmetrical and ambiguous classifications of Islamic economics in particular reflect the narrative of an Islamic economic science that was born out of the abovementioned two-fold contestation. By doing so, Muslim economists, willingly or unwillingly, justified the religious teaching with a mainstream economic narrative. Despite its distinct characteristics, contemporary Islamic economics is embedded into the global politico-economic amalgam and hence functions within this paradigm, unlike classical Islamic scholarship, which views *Sharī'a* primarily as a moral category that intends to reform not just economic thought but also the moral self.

2.3. Classical Scholarship and the Moral Self

Even though the notion of the moral appears to be central to economic teachings in contemporary Islamic economics, the concept as such is in contemporary writings and deliberations rarely used as a categorical imperative in line with premodern conceptions of the Islamic worldview.⁷⁹ Making Islamic economic science compatible with mainstream economics is a feasible attempt, yet a futile venture for two reasons. First, modern economic science operates within a different epistemic field in comparison to the classical economic

economic life made distinctive by its combination of three spheres – the imaginative, the productive and the institutional.” Charles Tripp, *Islam and the Moral Economy*, 3.

⁷⁷ See John Maynard Keynes, *The General Theory of Employment, Interest and Money, The Collected Writings of John Maynard Keynes*, Vol. VII. (Cambridge: Cambridge University Press, 2013). See also Milton Friedman's notion of usefulness and the ideology of the so-called Chicago positivism. Milton Friedman, “The Methodology of Positive Economics,” in *Essays in Positive Economics* (Chicago: University of Chicago Press, 1953), 3-43.

⁷⁸ Waleed Addas, *Methodology of Economics: Secular vs. Islamic*, 97.

⁷⁹ See e.g. the writings of Choudhury, Naqvi, Siddiqi, Chapra in Chapter Two of the thesis.

thought in Islamic tradition. Merging two epistemic systems would hence presuppose that the Islamic notions of *‘ilm*, *akhlāq*, *māl*, and other core concepts, have to be curtailed of their epistemic values. Second, in light of scientific empiricism, the value of moral cosmology of *Sharī‘a* (or *mystical Shar‘ism*) as a total perception of historic economic-spiritual development in Islamic tradition, has been casted as unscientific.

Every economic doctrine rests upon a certain philosophical system, and the same is true for Islamic economics. Islam has never stifled human beings from engaging in economic activities;⁸⁰ on the contrary, it has encouraged the purchases of what is regarded as “licit” commodities. In the Islamic tradition, economic thought, which was never parted from the overall moral predicaments, shapes the very nature of the human conduct through a worldview.⁸¹ This thesis will show that viewing economic teachings as an all-embracing moral cosmology or mystical *Shari‘sm* is not only more justified from a historical perspective, but also will do more justice to the central themes of economic thought in Islam as presented by aforementioned modern thinkers. *Sharī‘a* as one of the central paradigms⁸² within Islamic thought was never parted from the moral fiber in the premodern times. Since moral philosophy predated political economy, which was also largely influenced by classical Muslim scholars, and since contemporary Muslim scholars rarely refer to their classical counterparts, studying classical Islamic scholarship on economic thought is in this context inevitable. Classical economic philosophy in Islam displays a vast array of seemingly legal content with an overarching moral character, wherein excursions to theological, economic, and metaphysical realms were intimately related. Many classical Muslim scholars operated within the legal, but also broader theological and Sufi context, inducing concepts such as *‘adl*, *maṣlaḥa*, *iḥsān*, *faqr*, *zuhd*, *tazkiyya* and so forth, which are vital in reconstructing the epistemology of the subject, for their deliberations did not depart from the moral understanding of the cosmos. In doing so, one has to go beyond the legal spectrum of *Sharī‘a*, since classical scholars expounded their theories not only as jurists but also as theologians and Sufis.⁸³ Although there is no economics in Islam *per se*, the term that was used historically referred to household management (*‘ilm tadbīr al-manzil*),⁸⁴ and ethical teachings, which Muslim scholars deducted from the Islamic religious scripture, have played an immense role not only in economic thought but in establishing ethical categories in Islam. Obtaining

⁸⁰ Sadeq, “Al-Ghazaliyeve pogledi na ekonomske probleme i neka etičko-pravna pitanja značajna za ekonomsko ponašanje,” in Sadeq Abdul-Hasan et al, *Pregled islamske ekonomske misli* (Sarajevo: El-Kalem, 1996), 148.

⁸¹ Sadeq Abdul-Hasan et al., *Pregled islamske ekonomske misli*, 12.

⁸² See Wael Hallaq, *The Impossible State*, 10.

⁸³ See Chapter Three, and the enlisted works of e.g. al-Shaybānī, al-Ghazālī, al-Dullāji, Abī al-Dunjā, Ibn al-Qayyim, etc.

⁸⁴ Abdul Azim Islahi, *Contribution of Muslim Scholars to Economic Thought and Analysis, 11-905 A.H./632-1500 A.D.* (Jeddah: Islamic Economics Research Centre, King Abdulaziz University, 2004), 15.

material gains can be in Islamic tradition regarded as tantamount to defending the faith.⁸⁵ As it will be indicated in the following chapters, one of the differences between modern and classical Islamic scholarship is that the classical viewed material gains within the scope of the Hereafter and thus as part of the moral worldview; contrastingly, the modern scholarship approaches economic ideas primarily from a technical and legal-financial viewpoint.

Economic issues in Islamic tradition cannot be resolved only in mathematical terms, for they are sociological, philosophical, spiritual, and above all, moral in nature. What is presented as economic solution to modern problems are, in actuality, technical solutions to drawbacks that are profoundly more complex and as such inextricably related to the very composition of knowledge, which brings us back to the debate on morality and science. As it will be discussed in Chapters Three, Four and Five, classical Islamic scholarship and the sciences of nature⁸⁶ provide a total refutation of the quality to quantity reduction. Based on the abovementioned extrapolations of the premodern economic teachings and modern Islamic economics, it is necessary to approach the subject by linking various fields of knowledge such as theology, philosophy, *taṣawwuf*, and jurisprudence with moral conduct, in order to attain epistemic value of economic teachings in Islamic tradition.

3. Research Question

Based on the abovementioned observations, the main question that this research intends to answer is “what are Islamic teachings of contemporary Islamic economics.” This question is admittedly a broad one, and will therefore be answered by means of proposing a set of sub-questions that extend to premodern and modern periods in Islamic tradition.⁸⁷ Corresponding questions that are integral to the research are: “How did the positivist logic of natural and social sciences impact the development of contemporary Islamic economic theories;” “How does the revivalist period and the emergence of the modern nation-state play into the making of modern Islamic economic project;” “What are the structural implications of the Islamization of knowledge process on Islamic economics;” “How did the contemporary Islamic economic project form, and what is its epistemology;” “Is there a legally or

⁸⁵ Taha J. al-Alwani and Waleed El-Ansary, “Linking Ethics and Economics,” in *Islamic Finance: Islamic Finance into the 21st Century: Proceedings of the Second Harvard University Forum on Islamic Finance* (Cambridge, Massachusetts: Harvard University, 1999), 112.

⁸⁶ “... without Islamic metaphysics and sciences of nature, there is no such thing as Islamic economics...” Waleed El-Ansary, “The Quantum Enigma and Islamic Sciences of Nature: Implications for Islamic Economic Theory,” *Proceedings of the 6th International Conference on Islamic Economics and Finance* (Jeddah: Islamic Development Bank, 2005), 143-175, 145.

⁸⁷ Throughout this thesis, I refer to the premodern period in Islam as between 7th and 17th centuries, and modern period as after the 18th century. For more detail, see Wael Hallaq, *Sharī‘a*, part one and three. Moreover, I use “classical,” “premodern,” and/or “traditional scholars” interchangeably.

theologically stipulated study of economic teachings in Islam and how related is it to the notion of morality and justice;” “What is the role of *Sharī‘a* (and its relation to *maṣlaḥa*) in establishing theories of Islamic economics and how are they perceived by contemporary Muslim scholars in comparison to their medieval counterparts;” “What are the specifics of economic reasoning in Islamic tradition, and how intertwined is it with Islamic jurisprudence or *usūl al-fiqh*, the objectives of Islamic law or *maqāṣid al-Sharī‘a*, and other fields of knowledge, such as *kalām* and *taṣawwuf*,” and “What is the role of Islamic moral premise in shaping the understanding of the economic tradition in Islam.”

4. Methodology and Theoretical Basis of the Dissertation

The overall approach of this thesis is historical-critical and inductive. It is analytical in the sense that it inquires what the contemporary authors have stated on Islamic economics, how the subject emerged, and what social, economic, political, and intellectual factors contributed to its fruition. Secondly, it is critical and dialectical in that it seeks to understand the alteration of the knowledge processes of economic paradigm in Islamic tradition before and after the colonial period. This approach will portray the genealogy, sociology of knowledge, and the nature of the discipline. Moreover, it will delineate ideological contestations and theoretical shortcomings of the field due to the paradigm shift that occurred in the 19th century with colonialism, and flourished in the 20th century with revivalism, political Islam, and Islamization of knowledge.

To explore the epistemological and hermeneutical approaches to economic teachings in Islamic tradition, I propose a methodology that sets forth to deconstruct and analyze the already existing theories on Islamic economics. This subsequently entails the deconstruction of the established superiority of *fiqh*-based economic literature.

Each chapter has its own theoretical consideration as it is indicated below. The five aspects of the thesis mentioned above do not form separate chapters and are sometimes analyzed jointly.

In the first chapter, I provide a broad overview of the colonial period, and analyze Muslim revivalists and the Islamization of knowledge process in relation to the development of the discipline of Islamic economics. In spite of different trends of revivalists and their ideas pertaining to socioeconomic configuration of the Middle East and South Asia, by addressing the role of socialism, capitalism, and the state – whose seminal contributions to the political, legal and theological reverberations of faith provided material for the next generation of scholars who coined the subject of Islamic economics – the revivalist scholars did not discuss Islamic economics as such. The revivalists of the late 19th and early 20th centuries were

religious scholars who, according to Ahmed Khan, are divided into two groups: “the modernists” (e.g. Jamāl al-Dīn al-Afghānī, Muḥammad ‘Abduh, Rashīd Riḍā, Muhammad Iqbal, Muhammad Asad, Fazlur Rahman) and the “neo-revivalists” or “literalists” (Ḥasan al-Bannā, Syed Quṭb, Abū al-A‘lā Mawdūdī, Muḥammad Bāqir al-Ṣadr, Nejatullah Siddiq, Khurshid Ahmad, Umer Chapra, Muḥammad Anas Zarqa, Monzer Kahf, etc.). The writings on Islamic economics was, however, pioneered by Muhammad Hamidullah and other South Asian scholars,⁸⁸ and advanced by Abū al-A‘lā Mawdūdī and Ahmad Khurshid. In this chapter, I refer to primary literature of Muslim revivalists in Arabic, original sources of early Muslim religious scholars and economists, and secondary sources addressing the historical, political, and cultural background of the colonial period in the Middle East and South (East) Asia.

Early 20th century literature on economics in Islam contributed to the establishment of Islamic economics as a gradually self-sufficient discipline, which was attributed to Mawdūdī’s text *The Economic Problem of Man and its Islamic Solution*. This is not a coincidence and goes hand-in-hand with the sociopolitical, national, and religious development in the 20th century South Asia. The Islamization of knowledge process, which emerged in the 1970s, encompasses all areas and fields of human activities under Islamic banner, and was enforced as an opposition to Western theories of knowledge, including the study of economics. The proponents⁸⁹ of the Islamization process argue that a multi-faceted approach to the field of Islamic studies in general, and Islamic economics in particular, entails Western theoretical considerations as well as relying on the scriptural sources of Islamic tradition. They define the Islamization of knowledge as a process of coupling the concepts and modernization-induced ideas of the West and aligning them with Islamic legal and theologically-based arguments. On the other hand, the opponents⁹⁰ to this approach provide an insightful critique to the subject matter of Islamic economics through a severalfold perspective: the Islamization of Islamic economics serves its own narrative within the realm of Islam by “Islamizing” a human field of study; it develops a stock of knowledge simply to oppose an already established economic system; and it does not serve the social needs of society, by promoting economic justice, which appears vital in addressing economic thought in Islam. The self-fulfilling narrative of Islamic economics presents a temporary solution as well as a stalemate.

⁸⁸ Muhammad Hamidullah, “Islam’s Solution to the Basic Economic Problems – the Position of Labour,” *Islamic Culture*, Hyderabad (Deccan), Vol. 10, No. 2 (1936): 213-33; idem, “Haidarabad’s contribution to Islamic Economic thought and practice,” *Die Welt des Islams*, 4 (1948, 1955): 73-78.

⁸⁹ E.g. Isma’il al-Faruqi, Muhammad Naquib al-Attas, Umer Chapra, Muhammad Choudhury, Nejatullah Siddiqi, etc. For details and the main proponents of the Islamization process, see Chapter One.

⁹⁰ E.g. the writings of Thomas Philipp, Timur Kuran, Vali Nasr, etc. For details on the critique of the Islamization process and economics, see Chapter Four.

The aim of this chapter is to present a two-fold analysis of Islamic economic thinking through this process. First, that Islamic economics emerged as a distinct field of study as a result of broader historical, socioeconomic, political, and sociological developments, as well as the Islamists' reappropriations of those paradigms. Second, that since its development it has rested upon dual conception – its own theological sources and Western mainstream politico-economic norms.

The second chapter re-examines the field of contemporary Islamic economics on the basis of the selection of the corpus of contemporary scholars and Muslim economists' writings by applying the following structure. The original writings of Muslim economists appear primarily in English – which is the language of Islamic economics – in addition to sources in Arabic, Urdu, and other languages. A selection of highly acclaimed contemporary Muslim economists e.g. Haider Naqvi, Muhammad Akram Khan, Muhammad F. Khan, Alam Choudhury, Umer Chapra, Nejatullah Sidiqqi, et. al and their writings on economics will be analyzed on the basis of the key terms, methodology and epistemology they used that espouses both a continuation of Western neoclassical economics and Islamic theological tenants. This selection is based on their authoritative writings, the frequency of references other scholars have made on their texts and the penetrating theories and ideas they have provided for the overall study of economics in Islam. In addition, this chapter consults secondary literature on contemporary Islamic economics, ethics, and culture⁹¹ in order to explain the uneven development of the discipline. Contemporary authors often refer to the concepts of economic justice, law, and ethics albeit in diverse ways and from different platforms. The panoply of ideas to which these economists refer expresses an array of economic, ethical, and/or legal objectives, and the manner and construction of these concepts are of primary concern and ultimately lead to my heavy critique of them in the penultimate chapter.

The third chapter, which forms the gist of the thesis, analyzes primary textual sources of moral, metaphysical, and spiritual aspects of economic teachings in Islamic tradition and their relation to *Sharī'a*. The first part introduces the study of *Sharī'a* as a moral category and not only as a legal device as it is understood by contemporary Muslim economists. Since legal percept and commercial laws are only one part of the overall moral-economic conduct, the first part of this chapter will demonstrate that, although there is a strong correlation between Islamic law and economics, this correlation is based on the legal reading of economic conduct and is thus predominately associated only with legal stipulations, inheritance law, and contract-based rules. Such reading presupposes legal-technical reality of economic postulates and does not address moral philosophy of economics and epistemological axioms that would

⁹¹ E.g. S.M. Ghazanfar, *Medieval Islamic Thought: Filling the "great gap" in European Economics* (London: Routledge, 2003); Abdul Azim Islahi, *Contribution of Muslim Scholars to Economic Thought and Analysis, 11-905 A.H./632-1500 A.D.* (Jeddah: Islamic Economics Research Centre, King Abdulaziz University, 2004).

explain the overall subject of economic behavior in Islamic tradition. Despite the importance of legal and *fiqh*-based material, economic thought in Islam stretches beyond the juristic framework, hence questioning the legal establishment is essential for an overall study of the subject. Reading classical Muslim scholars who tackled economic issues reveals that despite the strong connection to *Sharī'a*, economic conduct was often perceived as a natural extension of moral, theological and Sufi teachings, and thus encapsulated in the Qur'anic ethos. Many questions on the historical relation between modern Islamic legal scholarship economic theories (including those pertaining to *maqāṣid al-Sharī'a*, *maṣlaḥa*, *istiṣlāḥ* and *istiḥsān*), in addition to the existing commercial activities in Muslim societies, have until today remained unanswered. Since economic activities surpass *fiqh* rules, I propose to reexamine the correlation between the field of law and the subject of economics in Islam, encompassing the concept of *Sharī'a* as moral cosmology.

Central to this chapter is, however, the terminological and theoretical interpretation of the writings of selected classical Muslim scholars, focusing on textual analysis of the key concepts (e.g. acquisition of wealth or *kasb*, renunciation of the world or *zuhd*, wealth/money or *māl*, justice or *ʿadl*, *maṣlaḥa* or common good, *fard kifāya* or connective obligations, *ḥisba* or Islamic institution performing business accountability, etc.), by inquiring upon the context in which those terms were invoked in close connection to moral economic behavior. This will lead me to delve into the economic and intellectual history and the writings of Muslim scholars from the 8th to 15th centuries, since many ideas on economic activities and moral conduct stem from this period. Since the premodern Muslim scholars expounded their economic, philosophical, and Sufi ideas in proximity to the conception of *Sharī'a* as an overall ethical term, the moral self and the metaphysical qualities of economic behavior appear to be of high relevance in the writings of classical authors. Among others, authors that will be studied are Abū Yūsuf, al-Shaybānī, Ibn Abī al-Dunyā, al-Ghazālī, al-Muḥāsibī, al-Dimashqī, Ibn Taymiyya, Ibn Khaldūn, Ibn Qayyim al-Jawziyya, and al-Maqrīzī, and others. These authors made seminal contributions to the subject of moral economic thought in Islam. As it will be indicated, despite the fact that some authors can be regarded primarily as jurists and others as Sufis, they elucidated an infused moral-theological- philosophical-legal preeminence of economic ideas, encapsulated in terms such as *kasb*, *zuhd*, and *maṣlaḥa*. This multifaceted discourse encapsulated man's behavior and his moral and spiritual predispositions.

The fourth chapter provides a conceptual critique of the existing economic theories of Islamic economics, looking at the works of Timur Kuran, Muhammad Akram Khan, Seyyed Vali Reza Nasr, Syed Farid Alatas, and other scholars. It either views such economic theories as subordinated to the positivist social sciences, neoliberal economic paradigm, a subsystem of Islamic law, or in light of the Islamization process and its methodological reverberations.

Drawing upon the findings in Chapter Three, expounding that economic matters were in the premodern period not discussed only in legal or *fiqh* terms – which would historically fall under the category of *mu'āmalāt* – but as moral and spiritual categories, this chapter will interrogate the epistemological and methodological shortcomings of contemporary Islamic economics.

The methodological deadlock of modern Islamic economics is the result of over-compartmentalization and scientific differentiations of concepts, categories, and disciplines of knowledge that occurred in Western sciences, and have had ramifications for the 20th century Muslim intellectual makeup. Accordingly, separate branches of knowledge such as Islamic law, Islamic politics, Islamic sociology, Islamic economics, etc. were formed.⁹² Theoretical arguments asserted by some of the contemporary Islamic scholars are despite their Islamic references almost exclusively interwoven into the social, political, and epistemological imaginary of 19th century Europe and its division of sciences. They are thus embedded in the fabric of neoclassical economic philosophy.⁹³ This chapter will look into contemporary Western and Muslim scholars who discuss the concepts of knowledge, episteme, Islamic reason, secularization, and economics. Even though contemporary Muslim scholars rely on fundamental sources of Islam, the classical thinkers merged legal rulings with metaphysics of *Sharī'a*'s moral order, and, unlike their contemporary counterparts, did not differentiate disciplines that would devoid them of moral cosmology, indicating a very different (and distinct) epistemological foundations of moral economics.

The fifth chapter introduces the theory of pluralistic epistemology of economic teachings in Islamic tradition, and attempts to answer the question, based on the analysis of previous chapters, “should a reconstruction of economic teachings in Islamic tradition be possible, and what kind of epistemology and reading does it presuppose?” By investigating the discourse of polyvalent economic theories in Islam, which aims to establish a more equitable and just society, this chapter will determine the discourse and particularities of an economic model that is based on a moral cosmology. Scholars who pinpointed that Islamic culture can be realized through a multitude of paradigms and multifaceted approaches in studying the historical discourse of Islam⁹⁴ will be analyzed. The moral dimensions of *Sharī'a* introduce a human understanding that permeates cosmological, social, and economic

⁹² See some of the literature from the International Institute for Islamic Thought (IIIT), e.g.: Isma'il Raji Al-Faruqi, *The Essence of Islamic Civilization* (Herndon, VA: IIIT, 2013); Ṭaha Jābir al-'Alwānī, *Issues in Contemporary Islamic Thought* (London, Washington: IIIT, 2005); Isma'il Raji al-Faruqi, *Islamization of Knowledge* (Herndon, VA: IIIT, 1982). On the critique of positivist methodology from an Islamization of knowledge point of view, see Ṭaha Jābir al-'Alwānī, *Islamic Thought: An Approach to Reform* (Herndon, VA: IIIT, 2006).

⁹³ Chapter Two addresses the plurality of voices among Muslim economists. Nonetheless, the majority of Muslim economists conceive the discipline of Islamic economics as a science that combines orthodox economic and Islamic ethical postulates.

⁹⁴ See e.g. the writings of Bassam Tibi, Armando Salvatore, Thomas Bauer, Shahab Ahmed.

processes. The study of economic tradition in Islam is possible only through the Islamic terms, whereby *‘ilm* as knowledge or episteme, and *‘amal* as action or deed, form the core of such epistemology. Modern (Islamic) economics does not only lack an understanding of economic justice, which is according to an Islamic view achieved through Islamic social insurance and social balance, but it rests upon Western political dogmas and economic processes, embedded in the modern state apparatus, which presupposes a particular social history. While acknowledging the shortcomings of the contemporary Islamic economic subject, it is crucial to examine the genealogy of the subject by deconstructing its presumed narrative, and to mediate mechanisms and terms that would give accommodate the postulates from the classical Islamic tradition. Bridging the historical gap between medieval and modern economic thought would give incentives on how to build a more equitable and socially progressive society that rests on the economic justice and philosophy of common good. Hence, I propose a new reading of and approach to economic thought in Islamic tradition, which does not eviscerate the intrinsic value of the moral predicaments that were swept away with the onslaught of modernity.⁹⁵

5. Scholarly Relevance of Premodern Economic Teachings and the Critique of Contemporary Islamic Economics

This thesis does not contain an *a priori* position for or against contemporary Islamic economic thought, but aims to discern the value of the matter at hand. It also does not have a defined stance against the intellectual field of the Islamization of knowledge process, but due to ideological developments of Islamic economics, which is to a large extent entangled with the particular sociohistorical and epistemological tradition. This thesis seeks to interrogate the field of Islamic economics from the emerging discourse of economics, which is rooted in the developments in natural and social sciences in the 18th century. As such, this thesis touches upon the sociology of knowledge of colonial developments and its epistemological ruptures in relation to Islamic economics, as well as the classical economic tradition in Islam, for the theories of contemporary Islamic economics neither invoke the premodern axiological assumptions of classical Islamic ideas on economics nor the economic reality on the ground in contemporary societies.

⁹⁵ With *modernity*, I refer to “the concrete facts of modern life” including industrial development, technological revolution, as well as the changes that occurred in material, cultural, communicational and social life. On the other hand, *modernism* (or modernist discourse) depicts the perception and nature of conduct that arose in early modern Europe as a result of modernity and its predicaments. See e.g. Bjørn Olav Utvik, *Islamist Economics in Egypt*, 11.

The necessity for such research stems from the dearth of contemporary scholarly investigation in the field of moral economics as a metaphysical axiom, the historical underrepresentation of Muslim economic thought, and from the claim that Islamic economics has to be scientific and objective in order to be considered mature enough and hence in concordance with the modern Western scientific apparatus. In this project, first, I expect to provide a clearer and synthetic picture of moral cosmology of economic thinking in classical Islam. Second, I aim to highlight the alteration in methodology and epistemology of Islamic economics as conceived by Muslim revivalists, Islamists, and contemporary Muslim economists in how they conceptualized an Islamic state, society, and knowledge, in comparison to their classical predecessors. Examining the modern perceptions of Islamic economics, first, and the classical terminologies and definitions of economic postulates that are closely related to spiritual and moral worldview, second, will allow me to affirm the methodological, epistemological, and axiological cleavages between classical Muslim scholars and contemporary Muslim economists. This will further lead me to inquire upon the specifics of Islamic societal values, through which I will present a new hermeneutical approach. Nonetheless, since the questions that will be raised during this thesis are far more valuable than the answers themselves, I do not claim that I will provide the only solution to the problematic at stake. Hence, one of the aims of the thesis is to bring economic tradition of Islam on the table and back into the modern discourse on economics, politics, the role of the state, and ethics.

Economic thinking in Islamic tradition does not benefit Muslims alone, and it ought not to be exclusively run by and theorized upon by only Muslims. If the true value of future economic thought in Islam lies at the heart of wisdom, the sciences of nature, and the moral self, it can have the potential to address many of the world's economic (and other) dilemmas by extrapolating the ideas of classical Islamic scholarship on economic behaviour.