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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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## Conclusion – Moral over Legal, Pluralistic over Monolithic

Every economic system claims its moral primacy.<sup>1</sup> According to Hallaq, the jugular vein of liberalism lies in its economic outlook; the current economic system dominates the very understandings of key concepts employed by economists in how we perceive economic activities, ideas, norms, laws, its methodology, and epistemology. Making an economic system more humane (purportedly the domain of business ethics) is a noble endeavour in itself, yet humanizing economics does not include the restructuring of conventional economic system, which rests upon the scientific, philosophical, political, and cultural theories of early modern Europe.

This thesis inquires how Islamic economic system emerged as a distinct field and what forces contributed to its development. The Muslim neo-revivalists treated economics as part of their agenda in creating an Islamic state and society. Only when Islamic economics became a constitutional force in the second half of the 20<sup>th</sup> century in that it asserted a particular religious identity did it maintain a convincing foothold in the politico-economic landscape of Muslim-majority countries. Further, proponents of the Islamization process like Isma'il al-Faruqi, Nejatullah Siddiqi, Alam Choudhury, Umer Chapra, and others, considered Islamic economics as a tenacious discipline that was, however, conceived within the current division of social sciences. I contend that such a development can be attributed to the structural applicability of Western economic systems, and the political variance of Muslim reformists, culminating in a particular and monolithic explication of classical Islamic scholarship.

Given the nature of the discipline of (Islamic) economics, modern Muslim intellectuals are faced with a two-fold predicament: how to reconcile the ontological fact of the state and its power structure,<sup>2</sup> and how to ponder upon the epistemological fact of bringing *Sharī'a* as a legal tool into the contemporary discourse of Islamic economics. This issue precludes an economic theory that would examine real-life socioeconomic circumstances in Muslim-majority countries, their social and educational institutions,<sup>3</sup> as well as the study of moral-economic concepts in Islamic intellectual history, such as *zakāt*, *ribā*.<sup>4</sup> Reviewing the relations between these factors

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<sup>1</sup> Ayn Rand, "The Moral Meaning of Capitalism," in eds. James L Doti and Dwight R. Lee, *The Market Economy: A Reader* (Los Angeles: Roxbury Publishing Company, 1991), 12-14.

<sup>2</sup> For more see, Wael Hallaq, *The Impossible State*, x.

<sup>3</sup> Muhammad Akram Khan, "Islamic Economics: The State of the Art," 289.

<sup>4</sup> *Zakāt* has not been sufficiently institutionalized throughout the Muslim countries, and it has not attained a high level of economic development despite its ethical considerations: "In Pakistan, zakat revenue was estimated to be no more than 0.2 per cent of GDP by 1994 and in Iran, where zakat has been collected by government agencies, it has

and *Shari'a* moral values – and not simply applying Western-style economic mechanisms – is what the theory of moral cosmology entails and explicates. Because of a diffuse between economic doctrine and the rule of civil law in the context of contemporary Islamic economics, the legal aspect has to be revisited. Economic doctrine is a collection of the basic theories treating the problems of economic life, whereas civil law is legislative enactment that regulates also monetary policy. It would be a mistake to propose Islamic ordinances (rules of law) related to the Islamic economic doctrine as separate from the moral restructuring, for the moral substrate of economic activities has laid rules for the structure of the law and not vice versa.

Economic laws in Islam are virtuous laws. The longue *durée* of Islamic economic history that comprises mystical influences, moral values, and 20<sup>th</sup> century-based methodological developments, consists of a structural crisis that stems from the Western development of natural and social sciences rooted in the modernist discourse, which have impacted the contemporary Islamic economics. One of the first steps in recovering Islamic intellectual history of economic teachings is to reshape the modern understanding of metaphysics, knowledge, science, and technology.<sup>5</sup> The combination of ethics and economics has to break out from the cycle of the utilitarian philosophy and vision of nature, in order to recuperate the virtuous objectives of economics that have been lost or disregarded.<sup>6</sup> The moral restructuring – as the spiritual and socioeconomic technology of the self – will be effectively applied only insofar as if premodern Islam is scrutinized in view of affirming the cultural, political, and cognitive specifics of its own worldview. This necessitates not only reaching beyond the structures of the nation-state, reorientating governmental policy planning, and resources allocation, but also cultivating the moral refurbishing of man that is consistent with the forms of knowledge of Islamic sciences of nature.

Distinct and ubiquitously present Islamic economics has to re-examine its relation to its own subject matter, its methodological constraints and epistemological inconsistencies, not only in how it addresses and solves the socioeconomic problems of today's (Muslim) societies, but also, first and foremost, by how it negotiates fact and value, *is* and *ought*, and *'ilm* and *'amal*. What one calls “Islamic economics,” “Islamic economic thought,” “Islamic economic system,” or “Islamic economic philosophy” can be justifiably established as its own discipline and on its own

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had no measurable impact on the inequalities of power at the heart of the political economy.” Charles Tripp, *Islam and the Moral Economy*, 125. See also Ishrat Hussein, *Pakistan – The Economy of an Elitist State* (Karachi: 1999); Din Pal, *Pakistan, Islam and Economics* (Karachi: 1999).

<sup>5</sup> Titus Burckhardt, *Alchemy: Science of the Cosmos, Science of the Soul* (Louisville, Kentucky: Fons Vitae, 1997); Ernst F. Schumacher, *Small is Beautiful* (London: Perennial Library, 1973), 120.

<sup>6</sup> “Positivism is marked by the final recognition that science provides the only valid form of knowledge and that facts are the only possible objects of knowledge.” Egan, Kieran, *The Educated Mind* (Chicago: University of Chicago Press, 1997), 115–116.

terms only insofar as if it is grounded in the moral premise of Islamic tradition. Such postulates set forth a pluralistic epistemology, combining and merging knowledge of Islamic theological, philosophical, mystical, legal, and scientific reasoning. The call for a past knowledge is not a nostalgic one echoing a long-passed wisdom; rather, it incites an Islamic intellectual history that promotes a multitude of knowledge – likewise including the translation of concepts and their meanings whose value was mitigated. A pluralistic epistemology is in itself never solely attached to one (epistemic) domain in particular, but fluctuates between various realms of knowledge, while being fashioned around moral categories. Precisely such an application of a hermeneutical reasoning is requisite for one, understanding economic behaviour in order to re-establish economic reasoning from the bottom-up, and two, critically motivating the contemporary project of (Islamic) economics towards its intellectual *and* moral apotheosis.