

Is Morality-Based Islamic Economics an Answer to the Global Financial Crisis? (Jean-Yves Moisseron)

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Islamic Economics as an Answer to the Global Financial Crisis

One of the features of any hegemonic system of thought and practice is that while it may be possible to think and act against it, the difficulties of thinking and acting outside the terms of reference that have been set by it are immense. Something of this kind has affected the capacity of many of those who have tried to think and act outside the global field established by the historical phenomenon of industrial and financial capitalism. In the 19th century this applied to those who sought to salvage something from a pre-industrial and pre-capitalist economic system to secure a more reassuring foundation for the moral economy; whilst at the same time providing the material resources to establish a true alternative to capitalist enterprise. Only in certain very circumscribed fields, such as the mutual societies, the friendly societies and the co-operatives did these efforts succeed, at least for a time.

In the 20th century, the substantial intellectual and material challenge of socialism and communism represented a far more serious threat to capitalist hegemony. However, even on their own terms the various attempts across the world to make such systems work in one particular country, let alone on a global scale, tended to come to grief. They were crushed under the weight of the massive inefficiencies of centralized planning and the loss of authority of a system that came to be aptly labelled 'state capitalism'.

In the 21st century; benefiting from the resurgence of Islamist political movements in the late 20th century and the massive redistribution of wealth in favor of the oil-producing states of the Middle East and Southeast Asia; the idea of 'Islamic economics' received increasing attention. For some, it represented both an anti-capitalist and an anti-colonial project, seeking to recalibrate global power in terms that were more favorable to Muslims and to Islamic values. The fear had been growing that the model of capitalism's stunning and ruthless material

success would turn people away from any ethical considerations that might slow down or impede the acceleration and proliferation of the means of wealth creation. As the Egyptian scholar, Muhammad al-Ghazzali said in the 1950s ‘Communism is the enemy standing at the gates, and capitalism is the enemy within’.⁽¹⁾

However, he was perhaps speaking a larger truth than he appreciated at the time. Al-Ghazzali was characterizing capitalism as a force that had already seduced large sections of the world population, Muslim and non-Muslim, through the material wealth that it appeared to offer. Through this, it had established a powerful hold on people’s imagination. However, it could also be argued that the epistemological grounding of the economy itself as the descriptor of a discrete area of social life was itself a product of capitalism. Specifically, it had come about thanks to the ability of capitalism to dissociate the forms of wealth creation from the social bonds in which all economic activity had hitherto been embedded. It was this power to wrench wealth creation from the moral economy of the pre-capitalist world that gave it such an unfettered hold on that world, and on people’s imaginations, even while it bewildered and alienated millions.

The challenge for those, such as the Muslim intellectuals who were attempting to re-imagine and to re-connect an ‘Islamic economy’ to a social field bounded by Islamic values has been substantial. Even to think about ‘the economy’ as a distinct field draws one into a disciplinary discourse that has been shaped by the norms and values of positive economics – itself a product of capitalist transformation, its intellectual underpinnings and its self-fulfilling assumptions about ‘human nature’. This was a paradox that one of the most impressive Muslim intellectuals of the 20th century, Sayyid Muhammad Baqir al-Sadr, found himself unable to resolve, as his formidable book *Iqtisādūnā* (Our Economy) makes plain.⁽²⁾ In this way, Islamic responses to capitalism have largely been shaped by capitalism itself, making it harder to defend the claim that there can be an epistemic break between thinking of the economy in an ‘Islamic’ fashion and thinking of it within the terms of reference of positive

(1) Muhammad al-Ghazzali, *Al-Islam al-uftara `alayhi bayna al-shuyu`iyyin wal-ra`smaliyyin* (Cairo, 1960) p.14

(2) Muhammad Baqir al-Sadr *Iqtisādūnā* (Beirut, 1982).

economics. The fact that Islamic responses to capitalism may be already produced by the very system to which they are seeking to respond by no means invalidates them. Indeed it would conform to any credible theory of the social construction of reality and the formation of discourse. However, it does go against the notion that there is a reservoir of pre-capitalist, distinctively Islamic knowledge that can be brought to bear on contemporary problems of capitalism without in some form being constituted by the ways in which those problems have been framed.

This is not to argue, of course that those adhering to and championing distinctly Islamic values are unable to bring their own ethical concerns to the task of wealth creation, even in an overwhelmingly capitalist system. In Islamic, as in secular contexts this has been demonstrated repeatedly as individuals have sought to group together and to mobilize to protect themselves and their values from the heartless logic often associated with commodification, the monetization of exchange and the pursuit of profit in a *laissez-faire* economy. The study of Muslim traditions and the history of Muslim peoples and states has made Islamic scholars supremely aware of the ambivalent nature of wealth – both as an enabler and empowering factor in the life of the community, but also as a test of every Muslim’s moral sense and thus of the ethical fabric of the community as a whole.

Seeking guidance in the Sunnah and the Ḥadīth, as well as in the formidable ethical tradition contained in the writings of the jurists over some fourteen centuries, Muslims have a powerful, if sometimes bewildering, set of strictures on how best to place moral restraint on material acquisition and how to deal justly with the wealth in their possession. These precepts cannot in themselves, for the reasons given above, provide a genuine alternative model for the re-organization of the global economy. However, they can provide guides for ethical restraint. This may moderate people’s behavior in the economic sphere, bringing it more into line with Islamic values. It is more doubtful that it can in itself replace the inner drivers of acquisition, commodification, exchange, and profit-seeking that are at the heart of capitalist enterprise. Nevertheless, to remind people of these restraints is to temper, without necessarily arresting the economic growth that has been capitalism’s greatest promise and, in certain periods and places, and for certain people, its greatest achievement.

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