

1 *The Force of Revivalism and Islamization*

Their Impact on Knowledge, Politics, and Islamic Economics

After this basic constitutional problem of sovereignty, the only problem that remains to be answered is as to who enjoys the political sovereignty in this set up? Unhesitatingly the reply would be that political sovereignty too, as a matter of fact, belongs to God and God alone. Whatever human agency is constituted to enforce the political system of Islam in a state, will not possess real sovereignty in the legal and political sense of the term, because not only does it not possess de jure sovereignty, but also that its powers are limited and circumscribed by the supreme law, which it can neither alter nor interfere with. The true position of this agency [human agency to enforce that political system of the Islamic state] has been described by the Qur'an itself. The term used by the Qur'an for this agency is "khalifa," which means that such agency is not sovereign in itself but is the vicegerent of the de jure and de facto sovereign, viz, God Almighty.

Abū al-A'lā Mawdūdī, *First Principles of the Islamic State*, 24

There are limits to the meaning of things in the way they are meant to be known, and their proper places are profoundly bound up with the limits of their significance. True knowledge is then knowledge that recognizes the limit of truth in its every object.

Syed Muhammad Naquib al-Attas, *Prolegomena to the Metaphysics of Islam*, 15

Daß es sich beim Islamismus unserer Tage um keine restaurative, geschweige denn traditionalistische Bewegung handelt, ist in der Fachwissenschaft unumstritten. Vielmehr ist der Islamismus ein Phänomen der Modernisierung des Islams, der sich selbst in seinen epistemologischen Grundlagen nicht auf den klassischen Islam (der nach Ansicht der Islamisten ein verfälschter, dekadenter Islam war) berufen kann und will, sondern auf epistemologischen Grundlagen der Aufklärung und der Moderne.

Thomas Bauer, *Die Kultur der Ambiguität: Eine andere Geschichte des Islams*, 387

1.1 The Socioeconomic Paradigm against the Backdrop of a Colonial Past

This chapter is organized around two conspicuous phenomena that impacted the unfolding of modern Islamic economics: the Muslim revivalism in the late nineteenth and early twentieth centuries, with a focus on Mawdūdī as the ideologue (and not a progenitor) of an Islamic state and an Islamic vision of society, and the Islamization of knowledge process that rendered the discipline of contemporary Islamic economics and finance compatible within the science of economics. This chapter provides a historical survey of selected reformist writers, who at the turn of the twentieth century grappled not just with the weakening of their societies in the face of colonial strategies but also with formulating certain principles around achieving a moral Islam. More specifically, I analyze Muslim reformists and their ideas and reactions to the political, social, and legal changes sweeping through the region, focusing mainly on their notions of social justice, state, and economy. Their ideas, embedded primarily in theological, political, social, and legal discourses, were also applicable for the advancement of economic-related topics that were picked up by Islamists and Muslim economists in the twentieth century. Given the underlying correlations between the late nineteenth and early twentieth centuries' political and socioeconomic developments in the shadow of colonial domination of Muslim countries (in the Middle East and South Asia), the first part of this chapter discusses the sociology of knowledge that led to the development of Islamic economic theories. I explore Islamic economics – as an indigenous intellectual field – and its adaptation to global economic parameters in relation to the identity politics of Muslim societies by analyzing Muslim scholars' responses to colonialism, state formation, and the justification for the emergence of the Islamic economic paradigm.

The second part of this chapter offers an epistemological and historical analysis of the Islamization process and the ideological effects it generated for Islamic sciences, in general, and for Islamic economics, in particular. The authors who are analyzed in the first part of this chapter often wrote uncritically about the moral predicaments of economics in Islam and were impervious to the economic liberal paradigm, while accepting the agency of an Islamic state. The Islamization process in the second half of the twentieth century was neither conceived nor

developed in a vacuum; it was indeed affected by sociopolitical conditions in the postcolonial states, especially in Pakistan and Malaysia, and their state-run political agendas of Islamizing their economies, which in turn shaped the very vision of Islamic economics via several distinct yet interconnected spheres. The emergence of nation-states is interlinked to the responses from the Muslim reformist movement to socioeconomic conditions in the Middle East and South Asia. Furthermore, efforts to construct a modern Islamic identity and society based on theological principles of *tawhīd* and *umma* provided a theological frame for implementing the discipline of Islamic economics within those states.

The emergence of Islamic economics is hence entangled in the complex reaction to political repercussions of colonialism, the intricate correlation of authentic Islamic identity, and the conception of the modern state apparatus. Yet it is beyond the scope of this chapter to discuss in great detail the historical development of the colonial period in the Middle East and South Asia, in relation to the regional rulers and their interaction with Western colonial powers. However, the ramifications of this colonial period set the groundwork for much of the sociopolitical turmoil experienced in Muslim countries, thus it is crucial to consider their impact when configuring Muslim reformists' outlook on socioeconomic and political factors of the time and when understanding modern Muslim economists' major ideas on the subject.

The concept of Islamism as a political force is entangled with the ideas of later Muslim religious scholars and economists who, in the name of the Islamization of knowledge, formed the very discourse (and the discipline) of Islamic economics.¹ The weakening of the Ottoman Empire (1299–1923), given French and British economic and political incursions into its territories, was compounded by individual resistance and nationalist movements emerging in North Africa, and the Middle East. The Ottoman dynasty's dismantling of its Islamic legal and political systems in the Middle East and North Africa laid fertile ground for the expansion of Islamism in the early

¹ I refer to "Islamism" as a political ideology, which is distinguishable from Islam as a normative system. See Bassam Tibi, "The Renewed Role of Islam in the Political and Social Development of the Middle East," *Middle East Journal*, vol. 37 (1983): 3–13; Bassam Tibi, *Der Islam und das Problem der kulturellen Bewältigung des sozialen Wandels* (Frankfurt: Suhrkamp, 1985).

twentieth century.² Despite its politicized ideas, Islamism was, in essence, also a project about social justice and moral Islam. In the same vein, it was also regarded as a sociopolitical reaction to the interference and usurpation of chiefly British colonial rule and a product of it. State ideologues, such as Mawdūdī in Pakistan, who was one among many, reinforced this political approach.

Starting with Pakistan in 1947, several countries in the modern world have identified themselves as “Islamic states” and affirmed that Islam is their official religion.³ The attempts in Pakistan, Malaysia, Iran, and other Muslim countries to Islamize societies and state apparatus, to implement *Shari‘a* legislation, and to establish Islamic economic structures, despite their different implementation, are at most pursuits to reiterate a lost (Islamic) tradition or to challenge Western socioeconomic norms. However, those changes did not alter the prevalent modus operandi of the global politico-economic ideology. As will be evident in the course of this chapter, Islamists’ reinforcement of legal monism and economic ideology within nation-states has exposed epistemological and historical inconsistencies of the two epistemic systems – the secular nation-state and the vision of an Islamic religious state.⁴

Between the Tanzimat reform period (1839–1876)⁵ and 1923, the year marking the official dissolution of the Ottoman Empire, Western-inspired legal codes and penal laws were already being integrated into Ottoman state law or *qanūn*, in an attempt to modernize and force fundamental changes of the empire as it was being restructured into a modern nation-state.⁶ This undoubtedly led to irreversible repercussions for the

² For Bassam Tibi, formulation of re-Islamization or repoliticization of Islam arrived due to structural crisis and the appeal of Islam (and the Islamic state) as a solution for sociopolitical problems in Muslim societies. According to Thomas Bauer, re-Islamization of Islam emerged as a reaction to modernity. See Bassam Tibi, *Die Krise des modernen Islams: Eine vorindustrielle Kultur im wissenschaftlich-technischen Zeitalter* (Frankfurt: Suhrkamp, 1991 [first edition 1981]), 62; Bauer, *Die Kultur der Ambiguität*; Salvatore, *Islam and the Political Discourse of Modernity*, 173.

³ The Constitution of the Islamic Republic of Pakistan, 1973, Senate of Pakistan, accessed September 17, 2017, www.senate.gov.pk/uploads/documents/3.%20Special%20Publication%20to%20mark%20Constitution%20Day.pdf.

⁴ Hallaq, *Shari‘a*, 360.

⁵ See Roderic H. Davison, *Reform in the Ottoman Empire, 1856–1876* (Princeton: Princeton University Press, 1963).

⁶ For example, see the Ottoman penal code from 1858, which, in the name of Islam, nonetheless adopted most of the French legal codes. *The Imperial Ottoman Penal Code*, trans. John A. Strachey Bucknill (Oxford: Oxford University Press, 1913).

sociopolitical and economic conditions in Ottoman territory⁷ and in the greater Middle East. Not only did the transformation face a backlash on the Islamic legal scholars' input in providing legislation and authoritative teaching, but it also penetrated into the educational institutions that in the past played a vital role in social life.⁸ As a response to that abrupt alteration of the local social systems and the negation of the cultural ambiguity of Islamic traditional culture,⁹ many religious Muslim scholars pledged to re-establish Islam's "authentic" vision of the law and social life as the only solution to modernity, since they contested the positivist economic methodologies.¹⁰ Consequently, and as an extension of the reappropriation of that "authentic" Islam from the colonial period, a discourse nowadays known as "Islamization" emerged, which in part owes its existence to the preceding revivalists and the intellectual makeup they generated.¹¹ The following context of the state–religion relation is vital to the subject of Islamic economics and economics as a discipline.

At least three movements emerged during the nineteenth century in the Middle East and South Asia that aimed to preserve traditional Islamic knowledge, to secularize Muslim societies and apparatus, or to reconcile these two trends. While the traditional movement called for a return to the scriptural teachings of Islam, the second movement sought to adapt to the secularization process. A third movement advocated the conjuncture of Islamic sources and non-Islamic philosophy.¹² For this analogous discussion of Islamization of knowledge and Islamic economics, the tertiary movement appears most relevant.

Efforts to develop an authentic Islamic vision of socioeconomic life stem from the reformist movements at the beginning of the twentieth century, yet Islamic economic literature, which would form the discipline, emerged in the following decades¹³ with the writings of Hifzur

⁷ See e.g. Hallaq, *Shari'a*, 2, 3, 4, 6, 7, 10ff.; Iza Hussin, *The Politics of Islamic Law* (Chicago, IL: Chicago University Press, 2016), 12, 20; Salvatore, *Islam and the Political Discourse of Modernity*, 54.

⁸ See e.g. Hallaq, *Shari'a*, 357–370.

⁹ Bauer, *Die Kultur der Ambiguität*, 14, 16, 18.

¹⁰ See e.g. Maḥmūd Muḥammad Nūr, *Al-Iqtisād al-Islāmi* (Cairo: Maktabāt al-Tijārah wa Ta'āwun, 1978).

¹¹ Bauer, *Die Kultur der Ambiguität*, 222–223.

¹² Ahmed El-Ashker and Rodney Wilson, *Islamic Economics: A Short History* (Leiden: Brill, 2006), 315.

¹³ See the works of the South Asian Muslim scholars presented later in this chapter. See also Muhammad A. Khan, *What Is Wrong with Islamic Economics?* (Cheltenham, UK: Edward Elgar Publishing, 2013), xi.

Rahman Seoharwi, Manazir Ahsan Gilani, Shaikh Mahmud Ahmad, Muhammad Hamidullah, Khurshid Ahmad, and especially Mawdūdī's book *The Economic Problem of Man and Its Islamic Solution*,¹⁴ of which at least some were influenced by the *nahḍa* scholars.¹⁵ Still, it is only the systemic political and economic changes to gradually Islamize national economies and the Islamization of knowledge process, which commenced in the late 1970s with Isma'īl al-Faruqī's and Muhammad Naquib al-Attas's philosophy of knowledge, that prompted the expansion and fruition of contemporary Islamic economics as a structural field and educational discipline. Despite being perceived as a spiritual quest, the Islamization of knowledge was utilized as a possibility to decolonize and dewesternize epistemic perspectives, while suggesting authentic contributions to the field of knowledge as a response to the politico-economic issues in the Muslim-majority countries of the Middle East and South and Southeast Asia. It succeeded, however, only in part.

1.2 Contextualizing Muslim Reformists' Understanding of Socialism, Capitalism, and Spirituality

The nineteenth-century Muslim revivalists, who are briefly analyzed below, barely opened the debate about the sources of Islamic knowledge. Muhammad Akram Khan distinguishes two revivalist movements that supported the development of modern Islamic

¹⁴ For Rodney Wilson and Timur Kuran, Mawdūdī is perceived as the pioneer of Islamic economics. See e.g. Timur Kuran, "Islamic Economics and the Islamic Subeconomy," *Journal of Economic Perspectives*, vol. 9, no. 4 (1995): 156.

¹⁵ Mawdūdī also inspired Sayyid Quṭb and his writings on Islam, state, and modernity. As will be evident later in this chapter, in the twentieth century the process of Islamic reformism (often described as the "re-Islamization": the creation of a new ideology that combined Islamic core beliefs with Western political and organizational structures), is presented as the only viable alternative to Western political ideologies. According to Bauer's theory of cultural ambiguity in Islam, all ideologies are intolerant toward ambiguity and multiplicity, including Islamism: "Im Laufe des 20. Jahrhunderts findet ein Prozeß statt, der oft fälschlich als 'Re-Islamisierung' bezeichnet worden ist, in Wahrheit aber die Neuschaffung des Islams als seiner Ideologie ist, die die Strukturen westlicher Ideologien aufnimmt und nach dem Scheitern der westlichen Ideologien in der islamischen Welt als die einzige 'eigene' Alternative versenden wird." (Bauer, *Die Kultur der Ambiguität*, 52).

economics;¹⁶ The “modernist movement” resorted to *ijtihād* in interpreting the textual sources in the context of the socioeconomic conditions of the time.¹⁷ Jamāl al-Dīn al-Afghānī,¹⁸ Muḥammad ‘Abduh,¹⁹ Rashīd Riḍā,²⁰ Muhammad Iqbal,²¹ Fazlur Rahman,²² and others form the modernist camp. The second group is comprised of scholars such as Ḥasan al-Bannā, Sayyid Quṭb,²³ Abū al-A‘lā Mawdūdī,²⁴ Muḥammad Bāqir al-Ṣadr,²⁵ and Isma‘il al-Faruqī,²⁶ who upheld a more literal reading of the sources of Islam and implemented their ideas with limited application of *ijtihād* into the socioeconomic sphere (one could also include in this group Muhammad Abdul Mannan²⁷ and Khurshid Ahmad,²⁸ among others). Yet, this division can be also reshuffled according to the contents of scholars’ work. For instance, Ḥasan al-Bannā, Sayyid Quṭb, Jamāl al-Dīn al-Afghānī, Muḥammad ‘Abduh, Rashīd Riḍā, ‘Alī Sharī‘atī, and Muhammad Iqbal can be considered as reformists who did not directly address the

¹⁶ Khan, *What Is Wrong with Islamic Economics?*, xi–xii.

¹⁷ Khan, *What Is Wrong with Islamic Economics?*; Sami Al-Daghistani, “Semiotics of Islamic Law, *Maṣlaḥa*, and Islamic Economic Thought,” *International Journal of the Semiotics of Law*, vol. 29 (2016): 395.

¹⁸ Jamāl al-Dīn al-Afghānī, *Al-‘Amal al-Kāmīlah*, ed. Muḥammad ‘Imārah (Cairo: Dār al-Kitāb al-‘Arabī li al-Tab‘ah wa al-Nahar, 1968).

¹⁹ Muḥammad ‘Abduh, *Risālat al-tawḥīd (The Theology of Unity)*, trans. I. Musa‘ad and K. Cragg (London: George Allen & Unwin, 1966).

²⁰ Rashīd Riḍā, *Al-Ribā wa al-Mu‘āmalāt fī al-Islām*, ed. Muhammad Bahjat al-Bitar (Beirut: Dār Ibn Zaydūn, 1986).

²¹ Muhammad Iqbal, *The Reconstruction of Religious Thought in Islam*, electronic version, accessed March 12, 2017, https://ia902701.us.archive.org/31/items/cover_201501/the_reconstruction_of_religious_thought_in_islam.pdf.

²² Fazlur Rahman, *Islam and Modernity* (Chicago, IL: Chicago University Press, 1982).

²³ Sayyid Quṭb, *Social Justice in Islam*, trans. John B. Hardie (New York: Islamic Publication International, 1953).

²⁴ Sayyid Abū al-A‘lā Mawdūdī, *First Principles of Islamic Economics* (Markfield, Leicestershire: Islamic Foundation, 2011); Sayyid Abū al-A‘lā Mawdūdī, *Economic Problem of Man and Its Islamic Solution* (Lahore: Markazi Maktaba Jama‘at-e-Islami Pakistan, 1955).

²⁵ Al-Ṣadr, *Iqtisādunā* (1982).

²⁶ See al-Faruqī, *Islamization of Knowledge*; Isma‘il Raji al-Faruqī, *Tawḥīd: Its Implications for Thought and Life* (Herndon, VA: IIIT, 1982).

²⁷ Muhammad Abdul Mannan, *Islamic Economics: Theory and Practice* (Sevenoaks, Kent: Hodder & Stoughton, 1986).

²⁸ Khurshid Ahmad, *Studies in Islamic Economics* (Leicester: Islamic Foundation, 1981).

subject of Islamic economics but together with their interlocutors tackled the socioeconomic problems that were looming in the backdrop of the colonial struggle. Conversely, Abū al-A'īlā Mawdūdī, Khurshid Ahmad, Muhammad Abdul Mannan, Maḥmūd Tāliqānī, and Muḥammad Bāqir al-Ṣadr commenced and/or advanced the Islamization of economics.

Many Muslim reformists applied distinct theories to and held very different views on the socioeconomic restructuring of Muslim societies, yet the majority of them in their deliberations referred to the notion of an Islamic vision for transforming nineteenth-century Muslim societies, tackling concepts such as social justice, education, socialism, and colonial rule. The loss of autonomy and the immediate political and economic dissection of societal structures in the Middle East, North Africa, and South (East) Asia by the European colonial powers not only meant a transfer of administrative control over those societies but also an emersion of those very cultures into the commercial, industrial, and economic structures of an emerging nation-state.²⁹ The economic, administrative, financial, and social transformation took an immense toll on indigenous populations of the Middle East, which led to an array of reactions – one of them being the rising prominence and advancement of the idea of an Islamic state.

1.2.1 The Spiritual and Social Reconstruction of Colonial Life

There were various degrees of resentment toward adapting to Western political and legal structures that can be seen within the Muslim reformist camp.

Jamāl al-Dīn al-Afghānī (d. 1897) was an Islamic ideologue who wrote about the political and economic losses of the Muslim world and whose main theme was unity against European (especially British) imperialism.³⁰ Al-Afghānī's political views indicate an interest in adopting a constitutional government with active citizenship using a pan-Islamic model.³¹ His ideology welded together traditional

²⁹ See Charles Tripp, *Islam and Moral Economy* (Cambridge: Cambridge University Press, 2006), 32; Hallaq, *Impossible State*, 141, 143, 144.

³⁰ See Nikki R. Keddie, *Sayyid Jamal ad-Din "al-Afghānī": A Political Biography* (Berkeley: UCLA, 1972).

³¹ Keddie, *Sayyid Jamal ad-Din "al-Afghānī"*; Roy Jackson, *Mawlana Mawdudi and Political Islam* (London: Routledge, 2010), 103.

religious views of Islam, a critique of Western imperialism, and an appeal for Islamic unity with a call for adoption of Western sciences and institutions. Al-Afghānī advocated the moral crux of Islam by expounding the notion of social solidarity (*al-taḍāmun al-ijtimā'ī*) and social responsibility (*al-takāful al-ijtimā'ī*),³² while addressing the concepts of socialism (*al-ishtirāqiyya*) and capitalism (*ra'smāliyya*), as well as their critiques. He perceived their materialism as a destructive force that would culminate in the breakdown of society. Al-Afghānī's critique³³ of socialism and materialism is expressed as a concern for the emerging potential for social disorder and the tearing apart of the social fabric.³⁴ He also preached about an "ideal" or "golden" Islam – one that he himself had neither known nor experienced but that had existed prior to his time.

Even though al-Afghānī and 'Abduh (d. 1905) agreed on reviving Islam through the application of *Sharī'a* as an anticolonial struggle,³⁵

³² See Jamāl al-Din al-Afghānī, *Al-'Amal al-Kāmilah*, ed. Muhammad 'Imārah (Cairo: Dār al-Kitāb al-'Arabī li al-Tab'ah wa al-Nahar, 1968), 413ff; Muḥammad Abū Zahra, *Al-Takāful al-Ijtimā'ī fī al-Islām* (Cairo: Dār al-Fikr al-'Arabī, 1964).

³³ "The 'Refutation' has not seemed to Western readers to be a particularly convincing argument, yet it has had and continues to have considerable reputation among Muslims. With it Afghani seems to have accomplished several goals simultaneously: (1) He suggested to intellectuals the dangers of going too far in their open criticisms of Islam, since religion had the practical virtues of tying together the community and keeping men from vice. (2) To the same group he suggested a way of reform through stressing certain passages of the Koran and certain parts of the Islamic tradition. (3) He combated the pro-British influence of Sayyid Ahmad Khan and his followers by identifying them with the harmful materialists. (4) He suggested certain limits to politico-economic as well as religious reform. (5) He reinforced pride in Islam as the best religion, providing Muslims with a useful counterweight to the British claims of cultural superiority. It would seem that Western disappointment in the book stems from an expectation of finding in it what we would call a 'religious' document. It appears rather to be primarily an expedient, political tract; not necessarily even expressing the real opinions of the author, but written in order to accomplish certain goals The 'Refutation' is certainly not an attempt to 'rethink'; Islam, and any consistent public rethinking might in itself become sectarian, which was just what Afghani wanted to avoid." (Keddie, *Sayyid Jamal ad-Din "al-Afghānī,"* 180).

³⁴ Al-Afghānī, *Al-'Amal al-Kāmilah*, 413–422; Keddie, *Sayyid Jamal ad-Din "al-Afghānī,"* 171ff; see also Nikki R. Keddie, *An Islamic Response to Imperialism: Political and Religious Writings of Sayyid Jamal ad-Din "al-Afghani"* (Berkeley: University of California Press, 1983).

³⁵ Hussin, *Politics of Islamic Law*, 177.

they parted paths in how to incorporate Western sciences, knowledge, and political systems into an Islamic vision of society.³⁶ ‘Abduh and his early nationalist stance, which can be seen as a reaction to the British occupation of Egypt (1882–1956), influenced the flourishing of nationalist sentiment in Egypt and across the Middle East. For ‘Abduh, colonial rule was the embodiment of the decline of Egypt and the Middle East region as a whole. To extirpate this domination, he proposed to revise the social order in Muslim societies through Islam’s political and moral reconstitution.³⁷ As a trained theologian and mufti, ‘Abduh was versed in Islamic studies and legal tradition, which he combined with his reformist views and incorporated into his writings.³⁸ While al-Afghānī believed that the source for revivalism ought to be found in Islam itself, ‘Abduh contended that pan-Islamism (and not Arab nationalism) was the answer to addressing the sociopolitical crisis. For him, there was no conflict between Islamic sciences and Western knowledge since the aim of his reform was to raise Muslim consciousness. Even though he called for the cessation of the four legal schools or *madhāhib* and held that, along with the Qur’an, the main source should be deeds and views of the Prophet Muḥammad and the Rāshidūn caliphate, he believed in the immutability of doctrinal Islam but not of legislative Islamic practices.³⁹ Similarly to Mawdūdī, he emphasized the education of Muslims, which would integrate both an Islamic and Western pedagogy.

Rashīd Riḍā (d. 1935) also promoted the establishment of an Islamic state that would be fully in accordance with modernization, based on *Sharī‘a* as a legal-moral system,⁴⁰ whereas Ḥasan al-Bannā (d. 1949) of the Muslim Brotherhood, who lamented the loss of Islamic spirit due to the material gains that had enchanted Muslims of the time, called for the restoration of mutual responsibility and

³⁶ El-Ashker, Wilson, *Islamic Economics: A Short History*, 321.

³⁷ ‘Abduh, *Risālat al-tawḥīd*.

³⁸ See e.g. *Al-Manār (The Beacon)*, which he published with Rashīd Riḍā (1865–1935).

³⁹ “‘Abduh believed that Islamic doctrine does not prescribe any specific form of government, provided it follows the general principles of consultation (*shura*) as well as supporting the Maliki principle of *maslaha* (public interest) as the basis for legal decisions.” (Jackson, *Mawlana Mawdudi and Political Islam*, 104).

⁴⁰ Wilson, *Short History of Islamic Economics*, 323. On *fiqh al-mu‘āmalāt* and *ribā*, see Rashīd Riḍā, *Al-Ribā wa al-Mu‘āmalāt fī al-Islām*, ed. Muhammad Bahjat al-Bitar (Beirut: Dār Ibn Zaydūn, 1986).

social cohesion.⁴¹ Unlike 'Abduh, al-Bannā believed that elements of Western knowledge and modernization were alien to Islam. The revival or awakening of religious sentiments could be achieved through Islamic beliefs and its moral values, which would reinvigorate society, for capitalism would diminish its spiritual qualities. Armed with a social agenda, the Muslim Brotherhood entered the realm of politics as the largest mass movement in Egypt at the time; they addressed questions of poverty, property, state, and power. They used the political arena as a vehicle to restore an Islamic order and to recuperate the spiritual revival.⁴²

Sayyid Quṭb (d. 1966), a leading member of the Muslim Brotherhood, criticized the impact of Western cultural and political values in Egyptian society and argued that social justice ought to be preserved in Islamic tradition.⁴³ Even though he flirted with socialist ideas,⁴⁴ Quṭb believed that Islam put forward basic principles of social justice and provided mechanisms to preserve the egalitarian structure between the poor and the wealthy.⁴⁵ However, he aimed to return to

⁴¹ Tripp, *Islam and Moral Economy*, 51.

⁴² On the notion of property, Tripp states that it hence became more than simply a discussion within the domain of *fiqh* (Tripp, *Islam and Moral Economy*, 49).

⁴³ After his visit to the United States, he observed, "America is the inexhaustible material resources, strength and manpower. It is the huge factories, unequaled in all of civilization. It is the awesome, incalculable yields, the ubiquitous institutes, laboratories, and museums. American genius . . . America's bounty and prosperity evokes the dreams of the Promised Land . . . this country of mass production, immense wealth and easy pleasures. I have seen them [Americans] a helpless prey in the clutches of nervous diseases in spite of all their grand appearances . . . They are like machines swirling round madly, aimlessly into the unknown . . . That they produce a lot there is no doubt. But to what aim is this mad rush? For the mere aim of gaining and production. The human element has no place if their life is neglected . . . Their life is an everlasting windmill which grinds all in its way: men, things, places and time . . . What is the medicine to all this imbroglio? A peaceful heart, a serene soul, the pleasure which follows strenuous work, the relation of affection between men, the cooperation of friends." Sayyid Quṭb, "The America I Have Seen: In the Scale of Human Values," in *America in an Arab Mirror: Images of America in Arabic Travel Literature: An Anthology*, ed. Kamal Abdel-Malek (New York: St. Martin's Press, 2000), 10; Sayyid Quṭb, "Humanity Needs Us," trans. M. Hafez, *Al-Muslimūn*, vol. 3 no. 2 (1953): 3–4 in Tripp, *Islam and the Moral Economy*, 230.

⁴⁴ "Similarly we have no good grounds for any hostility between Islam and the thought of social justice, such as the hostility that persists between Christianity and Communism." (Quṭb, *Social Justice in Islam*, 7–9).

⁴⁵ "Islam prescribes the basic principles of social justice, and establishes the claim of the poor to the wealth of the rich; it lays down just principles for power and

the “lost” Islamic knowledge that would liberate Muslims: “Rather our summons is to return to our own stored-up resources, to become familiar with their ideas, and to proclaim their value and permanent worth, before we have the resources to an untimely servility which will deprive us of the historical background of our life.”⁴⁶

In South Asia, Muhammad Iqbal (d. 1938) also addressed the ideas of socialism (or proletariat, *nadar*) and capitalism (*sarmayahdar*). Iqbal was interested in socialist communal views (and not its materialist philosophy), while being skeptical of capitalism because of its economic inequality.⁴⁷ Even though he did not develop a reformed system of Islam, he nonetheless argued that the faculties of social norms, solidarity, and cooperation could contribute to the common well-being of society in the direction of a spiritual renewal.⁴⁸ Two inter-related key concepts in Iqbal’s vocabulary for the resurgence of Islam were *khudi* and *tawhīd*. Iqbal states that “Humanity needs three things today – a spiritual interpretation of the universe, spiritual emancipation of the individual, and basic principles of a universal import directing the evolution of human society on a spiritual basis.”⁴⁹ *Khudi* is

for money and therefore has no need to drug the minds of men and summon them to neglect their earthly rights in favor of their expectations in heaven.” (Quṭb, *Social Justice in Islam*, 41).

⁴⁶ Quṭb also noted that “While we are examining this universal theory which takes its rise from the nature of Islamic thought about the world and life and humanity, we may study also the fundamental outlines of social justice in Islam.” (Quṭb, *Social Justice in Islam*, 52).

⁴⁷ The first book authored on economics in Urdu is believed to be Iqbal’s *Ilmul Iqtisad*. Muhammad Iqbal, *Ilmul Iqtisad (The Science of Economics)* (Lahore: Khadimul-Taleem Steam Press of Paisa Akhba, 1904; 2nd edition, Karachi: Iqbal Academy, 1961).

⁴⁸ Iqbal, *Reconstruction of Religious Thought in Islam*, 56.

⁴⁹ “Modern Europe has, no doubt, built idealistic systems on these lines, but experience shows that truth revealed through pure reason is incapable of bringing that fire of living conviction which personal revelation alone can bring. This is the reason why pure thought has so little influenced men, while religion has always elevated individuals, and transformed whole societies. The idealism of Europe never became a living factor in her life, and the result is a perverted ego seeking itself through mutually intolerant democracies whose sole function is to exploit the poor in the interest of the rich. Believe me, Europe today is the greatest hindrance in the way of man’s ethical advancement. The Muslim, on the other hand, is in possession of these ultimate ideas of the basis of a revelation, which, speaking from the inmost depths of life, internalizes its own apparent externality. With him the spiritual basis of life is a matter of conviction for which even the least enlightened man among us can easily lay down his life; and in view of the basic idea of Islam that there can be no further revelation binding on man,

a moral and existential term expressing the consciousness of *umma* as well as individual agency, since the individual is expressed through the communal.

Mawdūdī (d. 1979) had more frequent interaction with Iqbal than with other reformists. Like Mawdūdī, Iqbal seemed eager to pursue the idea of a Muslim-governed province in India,⁵⁰ while calling for an Islam that would adapt to modern conditions. Iqbal advocated a Muslim homeland in the 1930s but without offering a political organization to achieve that objective.⁵¹ Yet, while Iqbal was openly using Western sources and literature, Mawdūdī, despite relying on Western thought, did not do so openly. This was in order to facilitate an image of Islam as a dynamic and revolutionary ideology that was primarily based on its own worldview. Mawdūdī asserted that Iqbal's influence on him was limited by saying that "the commonality of views between 'Allamah Iqbal and me are limited to our belief that Islamic law should underlie the revival of our religion; my thoughts and intellectual probing are my own."⁵² For Mawdūdī, the very concept of Islamism asserts a degree of intellectual independence; this stems from his interpretation of Iqbal's notion of *kbudi* (selfhood), which

we ought to be spiritually one of the most emancipated peoples on earth. Early Muslims emerging out of the spiritual slavery of pre-Islamic Asia were not in a position to realize the true significance of this basic idea." (Iqbal, *Reconstruction of Religious Thought in Islam*, 106–107).

⁵⁰ Iqbal, *Reconstruction of Religious Thought in Islam*, 8. See also Afzal Iqbal, *Islamisation of Pakistan* (Lahore: Vanguard, 1986).

⁵¹ "Iqbal's aim was evident in his letter to the rector of al-Azhar in Cairo, Shaikh Mustafa al-Maraghi, requesting a director for the intended daru'l-'ulum; Iqbal asked the Egyptian 'alim for a man who was not only well versed in the religious sciences, but also in English, the natural sciences, economics, and politics. Iqbal arranged for him to come to Lahore and serve as the imam of the Badshahi (royal) mosque at a salary of 100 rupees per month and to partake in Iqbal's plans for the revival of Islam, 'umraniat-i Islami ki tashkil-ijadid (reconstruction of the social aspects of Islam). Mawdudi turned down Iqbal's offer on the grounds that he did not want a paying job that would restrict his freedom. Mawdudi accepted Iqbal's scheme and agreed to use the waqf to train a number of capable Muslim students and young leaders in Islamic law as well as modern subjects. Although the project was essentially educational, the imprint of Mawdudi's politics was evident in its name, Daru'l-Islam (Land of Islam)." Seyyed Vali Reza Nasr, *Mawdudi and the Making of Islamic Revivalism* (New York: Oxford University Press, 1996), 34.

⁵² Sayyid Abū al-A'lā Mawdūdī, *Fundamentals of Islam* (Delhi: Markazi Maktabah-i Islami, 1978), 21, in Nasr, *Mawdudi and the Making of Islamic Revivalism*, 37.

Mawdūdī read as Islamic self-confirmation against foreign political and ideological isms.⁵³ As such, Mawdūdī took historical Islam out of its context by making it politically viable for modern needs – especially his theory of an Islamic state. Iqbal’s understanding of *tawḥīd* implied rejection of the dualistic projection of the world,⁵⁴ indicating a unity of spirit and matter and embodied in the term *khudi*.⁵⁵ The ultimate level of *khudi*, which is God, is both immanent and transcendent and points to the spiritual foundations of reality. Similar to Iqbal’s, Mawdūdī’s goal was the reintegration of *tawḥīd* in society, yet the former’s concept appears more mystical, whereas the latter’s appears more policy-oriented.

Further west, in Iran, ‘Alī Shari‘atī (d. 1977) was developing a fully novel approach to Shi‘ism and to interpretation of religion, while critiquing Marxism and liberal democracy.⁵⁶ His theory of Islam did not rest solely on an Islamic state but rather on the conception of God that is to be found in personal and practical aspects of human

⁵³ “In perhaps his greatest work, *Secrets of the Self* (‘*Asrar-i-Khudi*’), Iqbal writes of the need for Muslims to re-awaken their soul and act. Just as Mawdudi saw the Prophet Muhammad as a paradigm of the ideal Muslim and leader, Iqbal too saw the Prophet as the perfect Prophet-Statesman who founded a society based on freedom, equality and brotherhood reflected in the central tenet of ‘unity’ (*tawhid*). In the practical sense, Iqbal believed that a requisite of being a good Muslim was to live under Islamic law which acts as the blueprint for the perfect Islamic society, as envisioned by the Prophet Muhammad. . . . Iqbal – unlike Mawdudi – thought that the perfect Islamic state has never existed in past history and so to create such a state requires looking to the future, not the past.” (Jackson, *Mawlana Mawdudi and Political Islam*, 52, 89).

⁵⁴ For more on the Cartesian dualistic conception of the world and its critique, see Bauer, *Die Kultur der Ambiguität*, 2011.

⁵⁵ See Muhammad Iqbal, *Asrar-i Khudi*, trans. by R. A. Nicholson as *The Secrets of the Self* (London, 1920).

⁵⁶ “At any rate, Western bourgeois liberalism and Marxism both boast of their humanism. The former claims, by leaving individuals free to think and to pursue scientific research, intellectual encounter, and economic production, to lead to a blossoming of human talents. The latter claims to reach the same goal through the denial of those freedoms, through their confinement under a dictatorial leadership that manages society as a single organization, on the basis of a single ideology that imparts to people a monotonous uniformity.”; “Democracy and Western liberalism – whatever sanctity may attach to them in the abstract – are in practice nothing but the free opportunity to display all the more strongly this spirit and to create all the more speedily and roughly arena for the profit-hungry forces that have been assigned to transform man into economic, consuming animal.” Ali Shari‘atī, *Marxism and Other Western Fallacies*, trans. R. Campbell (Berkeley, CA: Mizan Press, 1980), 21, 33.

endeavor.⁵⁷ He believed that Marxism could not provide the ideological means for its own liberation,⁵⁸ thus he focused on Islam as a revolutionary ideology and thought of Shi'ism as a complete party.⁵⁹ According to Shari'ati, even though historically the foundation of the human problematic is the emergence of private ownership, in modern times the development of machines would be a necessary transition for the human condition. Islam and Marxism are two ideologies that embrace all aspects of human life, yet in a very different form of ontology and cosmology. Marxism is based on materialism, while Islam is founded

upon faith in the unseen – the unseen [*ghayb*] being definable as the unknown actuality that exists beyond the material and natural phenomena that are accessible to the senses and to our intellectual, scientific, and empirical perception, and which constitutes a higher order of reality and the central focus of all the movements, laws, and phenomena of this world.⁶⁰

Shari'ati, who wrote on religious knowledge, stressed that Islam also addresses economic provision and social justice as principles of its social and cosmological order that pertain to moral growth.⁶¹ His religious reform of Islam centered both on the Qur'an, which is perceived to contain a revolutionary theory, and on *tawhīd*⁶² as an absolute unity of God and all things connected to God.⁶³

⁵⁷ Even though he contested against tyranny, he lived in the time where Islam was not only religiously but also politically and linguistically the most viable discourse. Barbara Celarent, review of *On the Sociology of Islam; Marxism and Other Western Fallacies*, by Ali Shari'ati, *American Journal of Sociology*, vol. 117, no. 4, January 2012, 1290.

⁵⁸ "Since history, according to Marx, is 'the continuation of the movement of material culture', man, in the context of history, is ultimately returned to the mechanical nature of the naturalists, to be conceived of as a material entity. Thus, all the values that Marx bestows upon him in the context of society he takes back from him with the hand of dialectical materialism. (Here Chadel's very telling remark comes to mind: 'Marx the philosopher crushes all the substantive values of man under the wheels of the blind juggernaut of dialectical materialism; but Marx the politician and leader, with the most fervid and electrifying praise of these values, mobilizes people for power and victory.')" Shari'ati, *Marxism and Other Western Fallacies*, 29.

⁵⁹ Hamid Dabashi, *Theology of Discontent* (New York: New York University Press, 1993), 116–117.

⁶⁰ Shari'ati, *Marxism and Other Western Fallacies*, 65–66.

⁶¹ Shari'ati, *Marxism and Other Western Fallacies*, 73.

⁶² Dabashi, *Theology of Discontent*, 129–134.

⁶³ See Ali Shari'ati, *On the Sociology of Islam*, trans. Hamid Algar (Berkeley, CA: Mizan Press, 1979).

Moreover, in Pakistan Fazlur Rahman (d. 1988), one of the key proponents of the modernization process of Islam,⁶⁴ who was also critical of Mawdūdī,⁶⁵ held that

The most important and urgent thing to do from this point of view is to “disengage” mentally from the West and to cultivate an independent but understanding attitude toward it, as toward any other civilization, though more particularly to the West because it is the source of much of the social change occurring throughout the world. So long as Muslims remain mentally locked with the West in one way or the other, they will not be able to act independently and autonomously.⁶⁶

While he favored the spiritual and metaphysical components of Muslim society,⁶⁷ he was nonetheless critical of Islamization of knowledge:

⁶⁴ “The ‘Wahhabi’ movement and other kindred or parallel reform phenomena wanted to reconstruct Islamic spirituality and morality on the basis of a return to the pristine ‘purity’ of Islam. The current postmodernist fundamentalism, in an important way, is novel because its basic élan is anti-Western (and, by implication of course, anti-Westernism). Hence its condemnation of classical modernism as a purely Westernizing force. Classical modernists were, of course, not all of a piece, and it is true that some of these modernists went to extremes in their espousal of Western thought, morality, society, and so on. Such phenomena are neither unexpected nor unnatural when rapid change occurs, particularly when it derives from a living source like the West. But just as the classical modernist had picked upon certain specific issues to be considered and modernist positions to be adopted thereupon – democracy, science, status of women, and such – so now the neo-fundamentalist, after – as I said before – borrowing certain things from classical modernism, largely rejected its content and, in turn, picked upon certain specific issues as ‘Islamic’ par excellence and accused the classical modernist of having succumbed to the West and having sold Islam cheaply there. The pet issues with the neo-fundamentalist are the ban on bank interest, the ban on family planning, the status of women (contra the modernist), collection of zakat, and so forth-things that will most *distinguish* Muslims from the West. Thus, while the modernist was engaged by the West through attraction, the neo-revivalist is equally haunted by the West through repulsion.” (Rahman, *Islam and Modernity*, 136–137).

⁶⁵ Rahman, *Islam and Modernity*, 116ff.

⁶⁶ Rahman, *Islam and Modernity*, 136–137.

⁶⁷ “If metaphysics enjoys the least freedom from assumed premises, man enjoys the least freedom from metaphysics in that metaphysical beliefs are the most ultimate and pervasively relevant to human attitudes; it is consciously or unconsciously the source of all values and of the meaning we attach to life itself. It is therefore all-important that this very ground of formation of our attitudes be as much informed as possible Metaphysics, in my understanding, is the unity of knowledge and the meaning and orientation this unity gives to life. If

The essence of the matter is that the neorevivalist has produced *no* Islamic educational system worthy of the name, and this is primarily because, having become rightly dissatisfied with much of the traditional learning of the *ulema*, he himself has been unable to devise any methodology, any structural strategy, for understanding Islam or for interpreting the Quran.⁶⁸

Yet Rahman agreed with Mawdūdī that education is vital for the recuperation of the Muslims and that the Qur'an should be analyzed within the context of historical, social, political, and economic developments, in order to understand the pressing conditions of the time.

1.2.2 *The Social Logic of the State and the Material Imprint of Capitalism and Socialism*

The above-mentioned reformists deliberated over not only the socio-political conditions of the time but also the idea of morality and moral restructuring of man that could be attained through social mobility. This would be levied against the dangers of capitalism and communism. Islamic socialism merged the question of social norms and power with moral and spiritual components, reflecting on the premodern ideas of social cohesion, religious morality, and spiritual well-being. The underlying notions of mutual responsibility and cohesion led reformists to believe that the Islamic vision (of the state and society) would contest the ideas of individualism and property ownership, linking the economic and the ethical realms.⁶⁹

this unity is the unity of knowledge, how can it be all that subjective? It is a faith grounded in knowledge." (Rahman, *Islam and Modernity*, 132).

⁶⁸ Rahman, *Islam and Modernity*, 137.

⁶⁹ Muṣṭafā Sibā'ī, *Ishtirākīyya al-Islām* (Damascus: Mu'assasat al-Matba'at al-'Arabiyyah, 1960); Seyyed Maḥmūd Tāliqānī, *Islām va Mālkiyāt*, trans. Ahmad Jabbari and Farhang Rajaei as *Islam and Ownership* (Lexington, KY: Mazda, 1983), 88–101. In relation to the notion of ownership, Tripp states that "Linking ownership to a goal greater than the mere satisfaction of individual wants would bring out the 'social function' (*al-wāzīfat al-ijtima'iyah*) of property – that is, the obligations of the proprietor to other members of society. This function corresponded partly to the conditionality of all property in a universe in which God had entrusted humans with its use, encapsulated in rules such as payment of zakat, which were associated with this conditional ownership. To participate in a system of zakat was not only obligatory in the terms laid down for the faith (as one of the five pillars of Islam), but was also a means whereby any individual could fulfil their ethically complete potential." (Tripp, *Islam and Moral Economy*, 56).

The notion of social balance that was discussed by the reformists in part invokes an understanding of moral economy, reflected in God's balanced and proportioned ordering of the universe. According to Tripp, some of the modernists have taken up the subject of wealth and property in light of the prophetic *hadīth* that insinuates the moral fortitude of the acquisition of wealth,⁷⁰ yet many of them have delved into the subject matter by resorting to the Western intellectual corpus. The question of wealth acquisition – one of the focal points of premodern Muslim scholars – has emerged as a major concern also among modern Muslim economists, especially in relation to twentieth-century capitalism.

The Islamic critique of the materialism and socialism of the 1940s and 1950s⁷¹ influenced how Islamic economics would be conceptualized and treated during the 1970s. The early social critique centered on the notion of the state (*dīn wa dawla*), “which would both defend society against the depredations of capitalism and lay the foundations for its Islamic reassertion.”⁷² *Dīn wa dawla*, however, was not a traditional phrase invoked in premodern Islam but only appeared during the anticolonial movements toward the late nineteenth century.⁷³ This had irrevocable ramifications toward the development

⁷⁰ “Every community has a test and the test of my community is money/wealth” (*Inna li-kul ummah fitnah wa-fitnah ummati al-māl*). Kitāb al-zuhd, no. 26 (*ḥadīth* no. 2336). Abū 'Isa Muḥammad bin 'Isā bin Surah al-Tirmidhī, *Al-Jāmi' al-ṣaḥīḥ*, ed. Ibrāhīm 'Awaḍ (Beirut: Dār Iḥyā' al-Turāth al-'Arabī, 1963), part 4, 569 in Tripp, *Islam and Moral Economy*, 65.

⁷¹ Sayyid Quṭb, *Al-'Adālat al-Ijtimā'īyya fī al-Islām* (Beirut: Dār al-Shurūq, 1990), 10–11; Shari'atī, *Marxism and Other Western Fallacies*.

⁷² Tripp, *Islam and Moral Economy*, 77.

⁷³ “Der Slogan, der Islam sei *dīn wa dawla*, ‘Religion und Staat’, ist kein klassischer islamischer Grundsatz und kein wesenhafter Bestandteil des Islams. Tatsächlich findet er sich erstmals in der islamischen anticolonialistischen Bewegung Ende des 19. Jahrhunderts. Bei den Vordenkern des ‘politischen Islams’ wie Abū l-'Alā' al-Mawdūdī und Sayid Quṭb nimmt er eine zentrale Stellung ein und wird schließlich zur Leitmaxime des modernen politischen Islams. Erstmals wird damit der Anspruch erhoben, alle Aspekte des öffentlichen Lebens, von der Kultur, über die Politik bis hin zur Wirtschaft, aus einer einheitlichen islamischen Perspektive zu regeln. Es versteht sich von selbst, daß die alte Ambiguitätstoleranz hier keinen Platz findet.” (Bauer, *Die Kultur der Ambiguität*, 342). “Its first documented presence in the Arab Middle East goes back to the end of the formative phase of a space of public communication during the end of last century. Even before, the similar expression *din-ü-develet* (where *islam* was implicitly present as the object to predicate) has been used in the Ottoman literature of ‘political advice’ at least since the end of the

of the political and economic systems of modern Islam – in particular, in South Asia, where the first scholars of Islamic economics emerged.

The institutionalization process of such endeavours across the Middle East and South Asia normalized the transition of religious ideologies into political systems, carried out by reformists. The difference between European concepts of the state and citizen and Islamists' designs of the state is apparent on an epistemological level, wherein the emancipation of the citizen in Europe occurred through their emancipation from religious authority; conversely, the revivalists supported the emancipation of their citizens from colonial powers (chiefly Britain and France) through Islamic moral teachings. This was paradoxically carried out through the homogenous structure of state formation, which was historically a uniquely European experience.⁷⁴ The popular movements for decolonization, national independence, and state activism that developed in the early twentieth century sought to justify an Islamic narrative, pitching social reforms and political developments in a framework of a new, ideal Islamic state, which would fulfill the sociopolitical and economic void created by the colonial powers. Such a narrative of social criticism, willingly or unwillingly, presupposed an authentic Islamic socio-politico-economic vision, which was, however, rooted in a liberalist logic.⁷⁵ The state authorities in the Middle East managed to hold onto state power and to idealize historic narratives of Islamic rule, giving leeway to facilitate and reconstruct the necessary mechanisms for the establishment of an Islamic state with popular support.⁷⁶ The secular logic of the state in the Middle East and

seventeenth century It is clear only that the slogan acquired a particular prominence after the demise of the Caliphate in Istanbul between 1922 and 1924, and in particular from the 1930s, especially through the sociopolitical activism of new, organized Islamist groups like the Egyptian Muslim Brotherhood." (Salvatore, *Islam and the Political Discourse of Modernity*, 58).

⁷⁴ Hallaq, *Impossible State*, 38.

⁷⁵ "Nowhere was this more in evidence than in Egypt, one of the principal sites for the development of a distinctive Islamic social critique of capitalism in the 1930s and 1940s. In the 1950s and 1960s, under the republican regime of Gamal 'Abd al-Nasir (Nasser), it became the terrain for competing visions of development – centralised socialist state planning versus free enterprise liberal capitalism – expressed both in a secular and a distinctively Islamic idiom." (Tripp, *Islam and Moral Economy*, 77).

⁷⁶ In Egypt, for instance, Islamic socialism was closer to the ideas of secular and socialist developments than to the revivalist ideas of Jamāl al-Dīn al-Afghānī, Muḥammad Abduh, and Rashīd Riḍā. See Sami A. Hanna and George H. Gardner, eds., *Arab Socialism: A Documentary Survey* (Leiden: Brill, 1969).

South Asia, which also meant an opening for a later capitalist development, remained the dominant political and systemic force.

The Muslim religious scholars who wrote on Islamic economics (analyzed below) envisioned an Islamic state, which was, however, never fully parted from the capitalist, secular, and liberal functions, despite its Islamic character. It is exactly in this sense that the once-colonized and now formally “decolonized” subjects took upon themselves the same systemic structures of governance, for the (Islamic) state became the dominant guide in expounding the laws and norms of *Shari‘a*, which would liberate the underprivileged from the colonial rule.⁷⁷ The secular-liberal logic of statehood has been the main agency of power since the 1950s in the emerging Islamic states of Iran, Pakistan, Malaysia, and others.⁷⁸ State formation meant also facing the handicaps of the socioeconomic, political, and historical circumstances of independence in those countries. Some leaders, such as Muhammad Zia ul-Haq from Pakistan and Ayatollah Ruhollah Khomeini from Iran, sought to increase state authority and to expand control over the economy by Islamizing economic and financial sectors.

The colonized countries of the Middle East (and South Asia), such as Egypt, Pakistan, and Malaysia, experienced capitalism in the twentieth century through the political power of colonialism and the subsequent expansion and exploitation of local structures embedded in the creation of the modern nation-state.⁷⁹ It was exactly the nation-state that encapsulated and generated the legal framework, institutional nature, and economic policies for the expansion of a market economy under the auspice of allegedly Islamic governments.⁸⁰ The gradual

⁷⁷ See e.g. Hussin, *Politics of Islamic Law*, 93–94.

⁷⁸ For instance, the Constitution of 1957 in Malaysia was predominantly secular in nature and followed the British order. See Constitution of Malaysia of 1957, accessed September 16, 2017, www.commonlii.org/my/legis/const/1957. See also Seyyed Vali Reza Nasr, *The Vanguard of the Islamic Revolution: The Jama‘at-I Islami of Pakistan* (Berkeley: University of California Press, 1994), 28ff.

⁷⁹ J. M. Blaut, “Colonialism and the Rise of Capitalism,” *Science & Society*, vol. 53, no. 3 (1989): 260–296.

⁸⁰ Market economy is inextricably related to the formation of a nation-state. Polanyi writes, “Market economy implies a self-regulating system of markets; in slightly more technical terms, it is an economy directed by market prices and nothing but market prices In the advent of the labor market common law played mainly a positive part – the commodity theory of labor was first stated emphatically not by economists but by lawyers. On the issue of labor

withdrawal of colonial rule and the achievement of formal independence in the region generated the sentiment among the local population that the moment to establish a society (and a state) driven by authentically Islamic norms had arrived. Such a society would be possible only within the context of the modern state, which would reinforce the narratives of prosperity, social cohesion, independence, and Islamic legal rule. Yet many questions remained unsettled that were germane to the legitimacy of such a state, its far-reaching consequences, the issue of territorial limits, and the concern of national sovereignty and religiously driven governance. The changing political and socioeconomic conditions from the 1970s onwards in Pakistan and Malaysia – the countries in which Islamization of knowledge and Islamic economics were most pronounced – did not replace the colonial state but rather took over its operations.⁸¹ The change in the political arena in Pakistan, Malaysia, and Iran and the vast oil-price rises of the 1970s had altered the balance of economic power between many oil-producing countries across the Middle East and the industrialized states.

In what follows, I discuss how a key Muslim revivalist of Islamic economics, Mawdūdī, voiced the promulgation of healthy accumulation and launched a critical stance against capitalism, based on his theory of moral economy as something that should emerge from within a modern Muslim society. Since capitalist monetary economy uses money⁸² both as a commodity and as a tour de force of development, the aforementioned Muslim reformists contested such an economic mode due to its power in colonizing all domains of life. The credit for envisioning and, more so, realizing an Islamic state and society, based

combinations and the law of conspiracy, too, the common law favored a free labor market.” (Polanyi, *Great Transformation*, 45, 90).

⁸¹ Charles H. Kennedy, *Bureaucracy in Pakistan* (Karachi: Oxford University Press, 1987); Seyyed Vali Reza Nasr, *Islamic Leviathan* (Oxford: Oxford University Press, 2001), 48.

⁸² For more detailed discussion on money (*māl*) and its alienating faculties if used illicitly as stated by the classical Muslim scholars, see Chapter 4. Tripp notes that Marx also distinguished at least two aspects of money: “Marx appreciated the ‘wealth-in-circulation’ aspect of money, but also, as a critic of what this means for human relations, was aware of its alienating capacities. In this, he was following a long tradition of uneasy moralists who inveighed against the dangers inherent in the nature of money. Thus money is not simply ‘protocapitalist’ in a material sense, but also in an ethical or normative sense.” (Tripp, *Islam and Moral Economy*, 64).

on the fundamental premise of the Qur'an and equipped with an Islamic political economy, goes to Sayyid Abū al-A'ālā Mawdūdī and his theory of theo-democracy.

1.3 Abū al-A'ālā Mawdūdī and the Twentieth-Century Transition from Nation to Islamic State

One of the most influential and prolific contemporary Muslim thinkers, Sayyid Abū al-A'ālā Mawdūdī (d. 1979), was an Islamic ideologue and proponent of the re-Islamization of Muslim society and state in India.⁸³ His interpretation and implementation of Islamic principles and of the notion of *Sharī'a*, state, and economics is also visible in the writings of other revivalists. Mawdūdī was brought up in the historical context of India at a time of decline of British colonial power, witnessing a downswing of Muslim Mughal dominance and a subsequent rise of Hindu nationalism and secularism.⁸⁴ Between 1937 and 1939, after returning to Delhi, Mawdūdī expanded his vision of *da'wa* as a call for an Islamic worldview. The founder of *Jama'at-i Islami* in 1941, he acted as its leader from its inception until 1972.⁸⁵ Between 1921 and 1924, he was involved in the *Khilafat* movement, and later in the *Jami'at-i Ulama-i Hind*.⁸⁶

1.3.1 Mawdūdī's Key Islamic Concepts

The reintegration of the notions of *tawḥīd*, *Sharī'a*, and *dīn* in the political discourse of the modern state are crucial for understanding Mawdūdī's vision of an Islamic state and society, which promulgated development of Islamic economics as a discipline through his disciples, such as Khurshid Ahmad and other Muslim economists. As the mastermind of political Islam,⁸⁷ Mawdūdī's key concepts expound his vision of the religion of Islam and its sociopolitical predicaments, which give

⁸³ On nationalism and the historic development of colonialism, see Partha Chatterjee, *Nationalist Thought and the Colonial World: A Derivative Discourse* (London: Zed Books, 1993), 1–36.

⁸⁴ Jackson, *Mawlana Mawdudi and Political Islam*, 83.

⁸⁵ Nasr, *Vanguard of the Islamic Revolution*, 3.

⁸⁶ Nasr, *Mawdudi and the Making of Islamic Revivalism*, 19–21.

⁸⁷ For Mawdūdī, Islam is an all-embracing ideological system equal to Western political ideologies. Abū al-A'ālā Mawdūdī, *Mabādi'ī al-Islām* (Dimashq: Dhakhā'ir al-Fikr al-Islāmī, 1961), 3–4, 62–63. See also Bauer, *Die Kultur der*

incentives also for the study of the revivalist vision of Islam's political economy. Mawdūdī holds that *Shari'a* is "the detailed code of conduct or the canons comprising ways and modes of worship, standards of morals and life and laws that allow and proscribe, that judge between right and wrong."⁸⁸ As for *fiqh*, he maintains that it is a "detailed law derived from the Qur'an and the hadis covering the myriads of problems that arise in the course of man's life have been compiled by some of the leading legislators of the past."⁸⁹ In a similar vein, Mawdūdī's notion of *din* contains multiple meanings. The first pertains to the higher reality, reign, and heavenly kingdom, whereas the second is rather the opposite, denoting subordination and communality.⁹⁰ He understood that the underlying difference between *Shari'a* and *din* was that religion, translated as *din*,⁹¹ always remained the same, whereas *Shari'a* contained multiple forms that have undergone alterations in order to adapt to new realities and times.⁹² In light of his idea of an *umma*-based Islamic state, Mawdūdī opposed Hindu nationalism, while promoting the idea of Islam as a religion of unity. He observes

The law of God (the Shari'a) has always aimed at bringing together mankind into one moral and spiritual frame-work and make them mutually assistant to one another on a universal scale. But nationalism at once demolishes this frame-work with the noxious instruments of racial and national distinction . . . The Shari'a of God provide the highest opportunities of free contact between man and man because on this very contact depends the progress of human civilization and culture.⁹³

In his writings, however, Mawdūdī often resorted to Western philosophical and political thought and invoked the postulates of an Islamic

Ambiguität, 100. Kuran has a similar opinion: Timur Kuran, *Islam and Mammon* (Princeton, NJ: Princeton University Press, 2004), 5.

⁸⁸ Sayyid Abū al-A'lā Mawdūdī, *Towards Understanding Islam (Risalah Diniyat)* (Lahore: UKIM Dawah Center, 1960), 82.

⁸⁹ Mawdūdī, *Towards Understanding Islam*, 82.

⁹⁰ Sayyid Abū al-A'lā Mawdūdī, *Als Muslim leben* (Karlsruhe: Cordoba Verlag, 2001), 57.

⁹¹ "Mawdudi defined *din* primarily as absolute obedience to God. The *shari'ah* as the content of the *din* in turn provided linkages between the individual and the society and, hence, the manner in which *din* was to fulfill its objective." (Nasr, *Mawdudi and the Making of Islamic Revivalism*, 63).

⁹² Mawdūdī, *Als Muslim leben*, 59.

⁹³ Sayyid Abū al-A'lā Mawdūdī, *Nationalism and India* (Lahore: Maktaba-e-Jama'at-e-Islami, 1947), 10–12, in Donohue and Esposito, eds., *Islam in Transition*, 95.

vision of society based on the notion of *tawḥīd*, as the absolute oneness of God. This allowed him to combine philosophical, sociopolitical, and economic theories with dogmatic religious interpretations, deploying an idiosyncratic methodology of *ijtihād* and literalist exegesis of Islamic sources.⁹⁴ Mawdūdī described *tawḥīd* as

the most fundamental and the most important teaching of Prophet Muhammad (blessings of Allah and peace be upon him) is faith in the unity of God. This is expressed in the primary Kalimah of Islam as “There is no deity but Allah” (La-ilaha illallah). This beautiful phrase is the bedrock of Islam, its foundation and its essence. It is the expression of this belief which differentiates a true Muslim from a kafir (unbeliever), mushrik (one who associates others with God in His Divinity) or dahriyah (an atheist).⁹⁵

His concept of *tawḥīd* – a central term that is also used by proponents of Islamization and Islamic economics – presents a building block for the advancement of his sociopolitical theory of the state. What I refer to as Mawdūdī’s “modern Islamic nation-state” rests upon the conceptualization of religious terminology, yet reintegrated in the framework of a political economy of a state. He views *tawḥīd* through the sovereignty of God, which encompasses socioeconomic and moral systems.⁹⁶ As a result of this, he adopted a more literalist approach to the Qur’an but did not contest scientific knowledge, which he perceived as objective. A major point of contestation for him was how science is used and for what purposes. As long as it is rooted in the Islamic belief with accompanying ethical norms, it can be regarded as Islamic, a view that will also have repercussions for the field of Islamic economics. In this regard, he differentiated between modernization, which he accepted, and westernization – a feature that set him apart from other Islamists. Instead of criticizing the processes and modes of modernization for the decline of the Muslim *umma* – like some of the early revivalists did – he also directed his focus on the Muslims’ inability and failures to emerge and succeed in establishing their own sociopolitical system.⁹⁷ His view

⁹⁴ Jackson, *Mawlana Mawdudi and Political Islam*, 106.

⁹⁵ Mawdūdī, *Towards Understanding Islam*, 50.

⁹⁶ Sayyid Abū al-A’lā Mawdūdī, *Islam: Its Meaning and Message*, ed. Khurshid Ahmad (London: Council of Europe, 1976), 147–148.

⁹⁷ Mawdūdī states that “On the one hand we have to imbibe exactly the Qur’anic spirit and identify our outlook with the Islamic tenets while, on the other, we have to assess thoroughly the developments in the field of knowledge and changes in conditions of life than have been brought during the last eighteen

on the *umma* also correlates to his comprehension of *tajdīd* as renewal process, perceived as an inevitable outcome of applying Islamic world-view to the system of thought that commences within an individual and has far reaching paradigmatic consequences upon society as a whole.⁹⁸ His reading of the Qur'an does not suggest reinforcement of the seventh-century religious paradigm but rather an attempt to reformulate Islam's sociopolitical domain through the inception of *tajdīd* as part of the Qur'anic revelation.⁹⁹

1.3.2 Colonial Legacy and Mawdūdī's Vision of an Islamic Society and State

Mawdūdī's views on Islamic state and society are, as will be analyzed in the following pages, crucial to the development of an Islamic economic system, due to the intersection of his theory on religious morality and the unfolding of the political economy embedded in the formation of a modern state of Pakistan. Since the reconstitution of political power of Muslims in India in the first half of the twentieth century was closely associated with the idea of modernity, the fusion of Islamic and Western concepts and ideas in Mawdūdī's writings was inevitable in order to achieve the political and economic autonomy of a postcolonial state.

Mawdūdī's actual turn to a more Islamic ideological formation took place in the 1930s when he accepted an offer from Nawab Salar Jang, a politician from Hyderabad, to propose and then promulgate an Islamic vision of society.¹⁰⁰ The geopolitical context and timeline of

hundred years." Muhammad Yusuf, *Maududi: A Formative Phase* (Karachi: Islamic Research Academy, 1979), 35.

⁹⁸ For more on *tajdīd*, see Sayyid Abū al-A'la Mawdūdī, *A Short History of the Revivalist Movement in Islam*, trans. al-Ash'ari (Lahore: Islamic Publication, 1963), 34–44.

⁹⁹ On this point, it is crucial to reiterate that since the nineteenth century, *Shari'a* law was deconstructed in commercial, general, and criminal law and, as a result, replaced with legal codes and laws of French and British origin. See e.g. Hallaq, *Shari'a*, 371ff.

¹⁰⁰ "This city [Hyderabad] has for some 200 years been the seat of Islamic culture and civilization. Great ulama, men of virtue, generals and courtiers are buried here . . . What a pity that their legacy is alive in stone [monuments of the city] and dead in the people . . . In this old Islamic settlement my eyes have searched and found neither a great man of God nor a skilled traditional craftsman . . . Every search of mine attests to the

this occurrence is important, since the Hindus and Muslims of India were facing the British Raj as the system of governance that was instituted in 1858. This had an impact on the political and socioeconomic landscape in the region.¹⁰¹ Mawdūdī's understanding of Islam meant adhering to what later became his vision of political Islam, which would encompass his religious doctrine and his political engagement. It was in 1932 that Mawdūdī's politics reiterated his anticolonial stance and envisioned organization of society driven by Islamic norms, which for him was a natural consequence of the religious-spiritual and economic decline of Muslims under British rule. Yet his political stance was expressed more substantially in 1937 when he arrived in Delhi,¹⁰² where he began commenting on nationalism, Islamic values, and India's politics after its independence. Notably, his political outlook on the state was entrenched in Western tradition and scholarship. This was evident in his usage of particular terms when articulating his political vision, integrating his Islamic revivalist agenda through concepts such as "religious ideology," "party," "state," "code," and so forth.¹⁰³ His articulation of his political views within the concept of a nation-state does not stem from a historical understanding that Islamic theology necessitates formation of a modern nation-state but rather from his conviction that a nation-state was best suited for his political agenda for the Muslim community, given the centrality of the

death of that nation.' He was so disturbed by what he saw in Hyderabad that he could envision no future that did not include an Islamic revival. Mawdudi gives 1933 as the year when his attitudes changed." (Cited in Khurshid Ahmad, "Jama'at-i Islami kiya hey, uski zarurat kiya thi," *Haftrozah Zindagi*, November 10–16, 1989, 13, in Nasr, *Mawdudi and the Making of Islamic Revivalism*, 27, 30.)

¹⁰¹ For more, see e.g. John F. Riddick, *The History of British India: A Chronology* (Westport, CT: Praeger, 2006); Srinath Raghavan, *India's War: World War II and the Making of Modern South Asia* (New York: Basic Books, 2016); Lawrence James, *Raj: The Making and Remaking of British India* (New York: St. Martin's Griffin, 1997).

¹⁰² Jamaat-e-islami Pakistan, accessed May 17, 2017, <https://web.archive.org/web/20140418092730/http://jamaat.org/beta/site/page/3>; Nasr, *Mawdudi and the Making of Islamic Revivalism*, 31.

¹⁰³ See Mawdūdī, *Nationalism and India*. See also Maryam Jameelah, "An Appraisal of Some Aspects of Maulana Sayyid Ala Maudoodi's Life and Thought," *Islamic Quarterly*, vol. 31, no. 2 (1987): 127. Nasr states that "Many of Mawdudi's views were formed in debate, rather than in conformity, with Western sources. His discourse produced an ideological orientation that was indigenous on the surface but was based on the very culture he sought to reject." (Nasr, *Mawdudi and the Making of Islamic Revivalism*, 33).

state and its social, judicial, and political imprint in colonial India.¹⁰⁴ Given that Muslim-dominated Punjab was the political heartland of British India, Mawdūdī's anticolonial voice and his *da'wa* program had repercussions for the political makeup of the region. For Mawdūdī, the project of *Daru-l-Islam*, an educational organization over which he presided, became the objective of Muslim India. It provided the Muslim community a political voice and a religious movement. This organization later laid the foundations for the *Jama'at-i Islami*, founded in 1941.¹⁰⁵

Mawdūdī transitioned from an ideologue to a politician along with the *Jama'at-i Islami*, changing their course from an Islamic movement into a political party and proposing an Islamic constitution in Pakistan.¹⁰⁶ His development of the party's program was interwoven with his political agenda, which was conceived in the Indian political and religious context of the time. At first, the party's orientation was primarily a cultural reassertion; later it became more politically and economically oriented in answer to the colonial usurpation and simultaneous rise of nationalistic tendencies in India. Mawdūdī's perception of colonialism and imperialism was at the beginning primarily a cultural concern against Western ideologies that influenced the political and socioeconomic makeup of India. At first, "he worried less

¹⁰⁴ For more on Mawdūdī's political formulations and the state, see Irfan Ahmad, "Genealogy of the Islamic State: Reflections on Mawdūdī's Political Thought and Islamism," *Journal of the Royal Anthropological Institute*, vol. 15 (2009): 145–162.

¹⁰⁵ Jamaat-e-islami Pakistan, accessed May 17, 2017, http://jamaat.org/ur/jamaatOrDawat.php?cat_id=11; "The jama'at-i Islami was finally established in August 1941 in Lahore, and from the very beginning, it was the platform for Mawdūdī's ideas. Especially after the founding of Pakistan six years later, Mawdūdī's career as an ideologue ended. His most important and influential works had been published by this time (nineteen of his most noted works on *tabligh* – propagation of religious doctrine – were written between 1933 and 1941) and the years that followed would be dedicated to politics. By then his ideas had already found a niche in contemporary Islamic thought in South Asia and across the Muslim world." (Nasr, *Mawdūdī and the Making of Islamic Revivalism*, 41).

¹⁰⁶ Jamaat-e-islami Pakistan, accessed May 17, 2017, <https://web.archive.org/web/20140418092730/http://jamaat.org/beta/site/page/3>; "The Jama'at's ideas and policy positions defined the demands of the Islamic alliance and featured prominently in the debates between the government and the religious divines and parties from 1947 to 1956, when the country's first constitution was promulgated." (Nasr, *Mawdūdī and the Making of Islamic Revivalism*, 41).

about economic liberation than about preserving dress, language, and customs, for they were essential to safeguarding Muslim culture. Mawdūdī's expositions on Islamic revolution, state, and economics attested to the central role played by the drive for cultural authenticity, what he termed 'intellectual independence'.¹⁰⁷ Some of Mawdūdī's key interpretations of Islamic religious concepts, such as *Shari'ā*, Islamic state, *umma*, and *khilāfa* were utilized in intersection with modernity's political and cultural predicaments of a modern state. In this sense, his revivalism meant not only restructuring Muslim character but also establishing Islamic state institutions and economic programs.¹⁰⁸

Mawdūdī was suspicious of democracy and Western political systems as well as simultaneously in favor of some of its ideas and mechanisms. He perceived the (Islamic) state in ahistorical terms as an ideal archetype, while pursuing the idea of a political entity that would include the Islamic fundamental tenets. On the one hand, he referred to a utopian Islamic state as a theo-democracy, based on the example of Medina, and, on the other, to the political order in Europe. This contradictory political ideology implied Western political ideas compounded with an Islamic religious worldview, which integrated Islamic vicegerency and the idea of state sovereignty.¹⁰⁹ The amalgamation of the philosophical foundations of Western democracy as the sovereignty of the people with the core ideas of Islam as a religious doctrine made him believe in a social order designated as theo-democracy:

The philosophical foundation of Western democracy is the sovereignty of the people This is not the case in Islam Islam, as already explained, altogether repudiates the philosophy of popular sovereignty and rears its polity on the foundations of the sovereignty of God and vicegerency (*khilāfa*)

¹⁰⁷ Nasr, *Mawdudi and the Making of Islamic Revivalism*, 49.

¹⁰⁸ See e.g. Sayyid Abū al-A' lā Mawdūdī, *First Principles of the Islamic State* (Lahore: Islamic Publications, 1960); Sayyid Abū al-A' lā Mawdūdī, *Islamic Law and Constitution*, trans. Khurshid Ahmad (Lahore: Islamic Publications, 1960), chapter 4.

¹⁰⁹ Mawdūdī, *Islamic Law and Constitution*, 2–3. Roughly stated, Mawdūdī sought to combine Islam as a social system with *dīn* as religion, which would give incentive for a creation of a state. "The problem with Mawdudi is that he does idealize the Islamic state and fails to take account of its social and cultural milieu and development. The very thought that Islam could have been influenced by something outside of Islam was inconceivable for Mawdudi." (Jackson, *Mawlana Mawdudi and Political Islam*, 86).

of man. A more apt name for the Islamic polity would be the “kingdom of God” which is described in English as a “theocracy.” But Islamic theocracy is something altogether different from the theocracy of which Europe has had a bitter experience . . . the theocracy built up by Islam is not ruled by any particular religious class but by the whole community of Muslims including the rank and file. The entire Muslim population runs the state in accordance with the Book of God and the practice of His Prophet. If I were permitted to coin a new term, I would describe this system of government as a “theo-democracy,” that is to say a divine democratic government, because under it the Muslims have been given a limited popular sovereignty under the suzerainty of God.¹¹⁰

Mawdūdī’s central aim was to develop a vision of a modern state enshrined in the Islamic narrative wherein the Qur’an and *ḥādīth* play a crucial role.¹¹¹ For him, the notion of an Islamic state was relevant to the idea of leading a moral and virtuous life,¹¹² whereby Islamic terminology was incorporated into the narrative of the modern nation-state based on *shūrā* (Islamic consultation).¹¹³ Despite the fact that references to an Islamic state were generic in nature, given the absence of national boundaries and the reinforcement of the idea of the *umma* as Islamic community, the very idea of an Islamic state for Mawdūdī meant both a practical and an ideological (religious) entity. Even though he promoted an Islamic state as a universal and all-embracing entity, it exposes his methodological inconsistencies.¹¹⁴

According to Mawdūdī, the Islamic state would comprise of the legislature, the executive, and the judiciary branches, wherein the

¹¹⁰ Mawdūdī, *Islamic Law and Constitution*, 139–140.

¹¹¹ Mawdūdī, *Islamic Law and Constitution*, 4–5.

¹¹² “This is best expressed in Mawdūdī’s ‘trinity’ of religion (*iqamat-i din*), virtuous leadership (*imamat-i salihah*) and divine government (*bukumat-i ilahiyah*). The continuity between Islam and politics was, for Mawdūdī, like the relation of ‘roots with the trunk and the branches with the leaves [of a tree]’, for, ‘In Islam the religious, the political, the economic, and the social are not separate systems; they are different departments and parts of the same system’.” (Mawdūdī, *Islamic Economic System*, 20, 21, in Jackson, *Mawlana Mawdudi and Political Islam*, 128).

¹¹³ This is based on the Qur’anic paradigm of “promoting the good and forbidding the evil.” Mawdūdī, *First Principles of the Islamic State*, 30ff. On his critique of socialism and limited support of capitalists’ idea of private property, see Sayyid Abū al-A‘lā Mawdūdī, *Capitalism, Socialism, and Islam* (Kuwait: Islamic Book Publishers, 1977), 40.

¹¹⁴ Mawdūdī, *Islam: Its Meaning and Message*, 163–165.

ruler would be bound to the laws of God.¹¹⁵ Yet his vision of the modern ruler would be incomparable to the role of the caliph, for the former was to be responsible to the state as well as to the nation.¹¹⁶ Despite his criticism of nationalistic tendencies and his support for transnational Islamic unity and universal *umma*, his one-sided perception of twentieth-century sociopolitical and international contexts made him oblivious to the fact that the only possibility of conceiving an Islamic state in the modern period would be through the coercive power of state authority and its apparatus, which deviates from his idealistic vision of society. The idea of the Islamic state was henceforth in his mind not a utopian project but something tangible, wherein the modes of Islamic governance, law, and economics would flourish. Since Mawdūdī believed in a united form of Islamic nationalism, an Islamic state would function as a cultural, social, and religious entity. Its leadership would be elected, for him meaning a democratic government that was based on Islamic principles of political engagement. In this sense, the democratic process (of modernity) could be Islamized.

As such, Mawdūdī's Islamic revivalism was envisioned as a reaction and an adaptation to sociopolitical changes, incorporating political, cultural as well as economic predicaments of Islamic tradition. It endorsed modern social and political thought in order to achieve political and economic strength in Muslim society. Hence, Mawdūdī's assimilation of Western thought into Islamic intellectual discourse was crucial to conceiving the modernist trend of Islamic

¹¹⁵ Mawdūdī, *Islamic Law and Constitution*, 16–17; “Islamic theocracy is not controlled by a special religious group of people but by ordinary Muslims. They run it according to the Qur’an and Sunna. And if I am allowed to coin a new word, I would call it ‘theodemocracy’. It would grant limited popular sovereignty to Muslims under the paramount sovereignty of God. In this [state], the executive and the legislature would be formed in consultation with the Muslims. Only Muslims would have the right to remove them. Administrative and other issues, regarding which there are no clear orders in the Shariah, would be settled only with the consensus of Muslims. If the law of God needs interpretation no special group or race but all those Muslims would be entitled to interpret (ijtihad) who have achieved the capability of interpretation.” Sayyid Abū al-ʿAlā Mawdūdī, *Islami Riyasat* (Lahore: Islamic Publications, 1969), 130, in Jackson, *Mawlana Mawdudi and Political Islam*, 131. See also Farzin Vahdat, *Islamic Ethos and the Specter of Modernity* (London: Anthem Press, 2015).

¹¹⁶ Mawdūdī believed that the corrupt reign is the source of political destruction and social destitution. “Korruppte Führung ist die Ursache allen Elends auf dieser Welt.” (Mawdūdī, *Als Muslim leben*, 158).

revivalism,¹¹⁷ which became “a vehicle for modernization of Islam and in turn would bring about and sustain a new Islamic order.”¹¹⁸ This development to an extent prompted the process of Islamizing modern sciences,¹¹⁹ which aimed not only to revive the religion of Islam but also to reinforce its political and economic teachings. Such an impetus of reinforcing a sociopolitical and spiritual revivalism aimed to restructure the individual and the community, whereby *dīn* as a religious reality was extended to sociopolitical and economic understanding, if it were to preserve and advance the well-being of the Islamic community.

1.4 Islam and the Economic System between the 1930s and the 1970s

1.4.1 South Asian Muslim Economists

The majority of modern Muslim economists were natives of South Asia, writing primarily in Urdu and English, while other proponents of Islamic economics could also be found in Southeast Asia, Iran, and Iraq. Abdul Azim Islahi notes that the first book on Islamic economics was the 1932 publication of Hifzur Rahman Seoharwi’s *Islam ka Iqtisadi Nizam (The Economic System of Islam)*, a critique of socialism and capitalism that advocated for an Islamic economic system. More than a decade later, the second most important book on the subject was published in 1945, *Islami Ma’shiyat (Islamic Economics)* by Manazir

¹¹⁷ Mawdūdī differentiated between the process of modernization, which he saw as a necessary component of Islamic revivalism, and westernization. “The approach of the Islamic movement is to . . . modernize without compromising on Islamic principles and values.” Khurshid Ahmad, “The Nature of Islamic Resurgence,” in *Voices of Resurgent Islam*, ed. John L. Esposito (New York: Oxford University Press, 1983), 224.

¹¹⁸ Nasr, *Mawdudi and the Making of Islamic Revivalism*, 51.

¹¹⁹ “The rejection of Western culture while appropriating its tools of progress was the cornerstone of Islamic revival. He sought to appropriate modern scientific thought and Islamize it; they accepted modern scientific thought and attempted to interpret Islam according to it. The modernists wanted to modernize Islam whereas Mawdudi wanted to also Islamize modernity. The distinction was enough to permit Mawdudi to inveigh against his modernist rivals.” (Nasr, *Mawdudi and the Making of Islamic Revivalism*, 52). See also Rahman, *Islam and Modernity*; Charles J. Adams, “The Ideology of Mawlana Mawdudi,” in *South Asian Politics and Religion*, ed. Donald E. Smith (Princeton, NJ: Princeton University Press, 1966), 371–391.

Ahsan Gilani from Hyderabad.¹²⁰ There were also publications in English by Anwar Iqbal Qureshi, *Islam and the Theory of Interest*, in 1947, and by Shaikh Mahmud Ahmad, *Economics of Islam: A Comparative Study*, in 1938, which were followed by Muhammad Hamidullah's writings on similar topics in Urdu and in English.¹²¹ Despite the relative importance of their works and the nuances in their writings, the scholarly corpus on Islamic economics was formed into a discipline only in the 1970s, manifest in an institutional, bureaucratic, and educational systematization of the discipline.¹²² This further illustrates that it was not Mawdūdī who coined the term "Islamic economics" (what would in Urdu be translated as *Islāmī ma'āshīāt*), since he referred to *ma'āshī nizām* as an "economic system." Moreover, it was certainly not only Mawdūdī who pursued the idea of Islamic economics as a distinct economic system.¹²³ Yet, as indicated above, he did establish the popular discourse of political and religious engagement with an Islamic vision of state and society. This ideological discourse also consisted of an economic philosophy that was pertinent to the lives of Indian Muslims at the time.¹²⁴ His theoretical writings were later developed by the following

¹²⁰ Abdul Azim Islahi, "The Genesis of Islamic Economics," *Islamic Economic Studies*, vol. 23, no. 2, (2015): 15.

¹²¹ Islahi, "Genesis of Islamic Economics," 16.

¹²² Islahi, as a response to Timur Kuran's critique of Islamic economics being politically motivated, maintains that Islamic economics did not develop only to support political Islam (Islahi, "Genesis of Islamic Economics," 17).

¹²³ See Arshad Zaman, "Mawlana Mawdudi and the Genesis of Islamic Economics," (paper presented at the Ninth International Conference on Islamic Economics and Finance, Istanbul, Turkey, November 9–11, 2013), 2. On the contrary, Rodney Wilson and Timur Kuran claim that it was Mawdūdī who coined the term Islamic economics. "Mawdūdī term 'Islamic economics'." Rodney Wilson, "The Development of Islamic Economics," in *Islamic Thought in the Twentieth Century*, ed. Suha Taji-Farouki and Basheer M. Nafi (London: I.B. Tauris, 2004), 197. "In addition to 'Islamic economics', Mawdudi coined or popularized many other terms that quickly became key elements of Islamist discourse, including 'Islamic ideology', 'Islamic politics', 'Islamic constitution', and 'Islamic way of life'." Timur Kuran, "The Genesis of Islamic Economics: A Chapter in the Politics of Muslim Identity," *Islam and Mammon* (Princeton, NJ: Princeton University Press, 2004), 84.

¹²⁴ "Mawlāna Mawdūdī developed a unified political philosophy, and a practical programme of action." (Zaman, "Mawlana Mawdudi and the Genesis of Islamic Economics," 8).

generations of Muslim economists,¹²⁵ and they became applicable beyond the borders of Pakistan. Khurshid Ahmad, a respected Muslim economist and one of Mawdūdī's students, transmitted, edited, and published his teachings on Islamic economics.¹²⁶

Muhammad Hamidullah, a Pakistani scholar who wrote in Urdu, Arabic, German, French, and English, began his writings on Islamic economics as early as the 1930s, and it was Hamidullah who coined the term "Islamic economics."¹²⁷ Originally from Hyderabad, Hamidullah stated that the region continuously had Islamic rule: "Dynasties changed and wars came, yet its independence was always preserved, until 1948."¹²⁸ The nationalization of currency and interest-free lending banks were long known to the region. In 1891, the first-known step was taken in this direction, when the *Mu'ayyid al-Ikhwān* society was founded by a local mystic, Sayyid 'Umar Qādīrī. In 1902 another society, *Mu'īn al-Muslimīn*, was established, which organized interest-free deposits of money, on the basis that its members paid a certain amount in order to purchase shares.¹²⁹ This marks the beginning of how interest-free loans were issued in South Asia. In 1913, however, the Hyderabad government

¹²⁵ "Mawdūdī's writings and speeches profoundly influenced a new generation of professional economists in the Indian sub-continent who sought to reconcile Islamic teachings with the ideas and concepts they had acquired through their economic training." (Wilson, "Development of Islamic Economics," 196).

¹²⁶ Khurshid Ahmad also edited and compiled Mawdūdī's writings in English from the original 1969 Urdu compilation. In the introduction, he states that "It was in the 1960s that I felt the need to compile a book, which would bring together all his essential writings on Islamic economics, so as to make his thought available in one volume. This need had gained more urgency because of a national debate in Pakistan on the future shape of the economy in the country, which was caught between the conflicting demands of the emerging capitalist system in the country and its critique from writers on the left. It was in the context of this national debate that Islamic economics moved into the centre of the political discourse." (Mawdūdī, *First Principles of Islamic Economics*, xxxii). See also Khurshid Ahmad, *The Religion of Islam* (Lahore: Islamic Publication, 1960).

¹²⁷ See "Islam's Solution of the Basic Economic Problems," in Abdul Azim Islahi, ed., *Muhammad Hamidullah and His Pioneering Works on Islamic Economics* (Jeddah: Islamic Economics Institute, King Abdulaziz University, 2014); "Hamidullah: Life and Works," in Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 19.

¹²⁸ Hamidullah, "Haidarabad's Contribution to Islamic Economic Thought and Practice," 73.

¹²⁹ Hamidullah, "Haidarabad's Contribution to Islamic Economic Thought and Practice," 74.

instituted cooperative lending societies modeled according to a Western form, allowing interest-free societies to be registered at the department of state.¹³⁰ Thus, the Hyderabad *'ulamā'* had extensive experience with issuing inheritance laws, prohibition of interest, and commercial transactions. Hamidullah himself met with the Pakistani government in 1948 to draft a new constitution for the newly established state.¹³¹ In 1949, he also participated in the Board of Islamic Education of Pakistan. Similar to other Muslim economists, he refers to the scriptural sources of Islam in stating that the theocratic fundamentals of Muslim polity deny an absolute state ownership.¹³² Hamidullah maintained that both laissez-faire and socialist economic systems are untenable extremes and that Islam offers an attainable solution since it eliminates economic fluctuations.¹³³

In analyzing capitalist and communist systems and critiquing them for their materialist exposition of reality, Hamidullah maintains that no existing form of governance is particularly Islamic, and yet all of them could be regarded as such, if the protection of the state and its citizens would be guaranteed:

What form of government is truly Islamic? Republican, monarchic, elective, hereditary, universal, regional, unitary, composite, etc., etc. None and

¹³⁰ Hamidullah, "Haidarabad's Contribution to Islamic Economic Thought and Practice," 75.

¹³¹ Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 4.

¹³² "Unlike some other systems of law where the individual owns property in lands as a delegated authority or trustee, all land of a territory being vested in the State. Islamic jurists have opined that every individual owner has the same Divine authority, and the supervising authority of the State is only a symbol or a manifestation of the collective authority of the community . . . All parts of the Muslim territory are under the authority of the Imam (Ruler) of the Muslims, and his authority is the authority of the community of the Muslims." (Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 94). Maḥmūd Tāliqānī (1911–79), an Iranian cleric and reformer and a contemporary of the revolutionary leader Ayatollah Ruhollah Khomeini, also contested that unlimited freedom of individual ownership is not attainable in Islam and that material attachments are interrelated to the modes of man's thought. He further held that Islam has organized ownership around three components – individuals, laws, and state government. See Tāliqānī, *Islām va Mālkīyāt*.

¹³³ "Another feature of Islamic Economics which goes to solve our problems is that it eliminates the central defect of laissez-faire Economics by prohibiting all economic practices which yield a 'private net product' at the cost of the 'social net product'." (Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 70, 85).

practically everyone. I mean to say, Islam simply enjoins upon the Government the duty of protecting the State and its inhabitants and administering impartial justice, no matter what form of Government the Muslims of a time or country choose.¹³⁴

Hamidullah reiterates that any form of government could be Islamic if it were only based on Islamic principles of governance. Even if there are certain similarities between Islam and communism,¹³⁵ the two are in essence incompatible. Since the notion of equality and pious behavior are some of the main Islamic principles, according to Hamidullah, Islam opposes class divisions and upholds the idea of unity. According to him, modern Muslim economists are not versed in *fiqh* studies, as much as *fiqh* scholars lack knowledge of economics.¹³⁶ The problem of such a reading is that it displays economic and financial science as interpreted by the dominant voices in Islamic economics. As will be shown in Chapter 2, literature on contemporary Islamic economics emphasizes ethical economic norms and an interest-free economic system¹³⁷ that is nonetheless theorized within the scope of modernity.

¹³⁴ Hamidullah, "Islam and Communism," in Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 135. First published at Hyderabad Deccan, 1981 in *The Islamic Review*, vol. 38 (March 1950): 11–15, revised in 1975.

¹³⁵ Communism "nationalizes land and the more important means and instruments of production, with many exceptions, as seen above; and this includes also foreign trade as a Government monopoly. Islam does not enjoin this; yet if it is a temporary measure in the interest of the whole community, Islam will not prohibit it either, I suppose." Second, it "allows private property, of course restricted: and even then it includes house, garden, and small fields and farms, not to speak of the movable property and herds of animals. Regarding the permissions, there is nothing against Islam in them. As to the restrictions, if they are temporary and in the interest of the whole community, there will again be no clash with Islam." (Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 146).

¹³⁶ "Economists (in the modern sense) are not fuqahā', and fuqahā' have no knowledge of economics, in general. Without the combination of the two it is not possible to study Islamic economics. The university came to the help, where the faculty of Muslim Theology, and the School of Economics worked under the same roof (of course together with many other faculties necessary in modern universities.)" (Hamidullah, "Haidarabad's Contribution to Islamic Economic Thought and Practice," 78).

¹³⁷ Islahi, ed., *Muhammad Hamidullah and His Pioneering Works*, 141, 150; see also 181–196 ("The Economic System of Islam"). The article appeared as chapter 10 (pp. 121–133) of Hamidullah's book *Introduction to Islam* (Paris: Centre Culturel Islamique, 1957; second edition 1969).

1.4.2 *Mawdūdī's Economic System*

As is the case with many other modern Muslim scholars, Mawdūdī did not focus only on economics in his writings but on the wider socioeconomic and political propositions as an alternative economic system. He advanced the link between Islamic economics and the political-ideological spectrum of the modern Islamic nation-state. The need to modernize Islamic (economic) law due to the constant dynamism of *Shari'a* was introduced as the prerequisite for the establishment of an Islamic state, which also involved recodifying bylaws. His writings on economics were not systematized in a field but rather scattered and closely related to the concepts of *din*: “The Pakistan movement was an expression of Muslim India’s firm desire to establish an Islamic State. The movement was inspired by the ideology of Islam and the country was carved into existence solely to demonstrate the efficacy of the Islamic way of life.”¹³⁸ Despite the distinct features of an Islamic economic system as an alternative model to both capitalism and socialism, its moral imprint, and *Shari'a*-stipulated economic behavior, Mawdūdī’s economic discourse remained confined to the mechanisms of economic science.

Still, his *Economic Problem of Man and Its Islamic Solution* has been cited as being the first book on Islamic economics – though, as previously mentioned, he never used the term “Islamic economics,” but rather “economic system of Islam.” Even though the book was published in 1955, there were several other texts on Islamic economics published before it.¹³⁹ Translated into English, it elaborated his theological, legal, social, and political opinions on an Islamic society and state, making him one of the most prominent representatives of Islamic economics. In it, Mawdūdī stresses that man is also a moral and spiritual being.¹⁴⁰ He rightly assessed that an economic problem is

¹³⁸ Mawdūdī, *Islamic Law and Constitution*, 11; “Mawdudi’s position was based on classical sources, which he interpreted conservatively in keeping with the position of the ulama. Because the Islamic state was the panacea for all sociopolitical problems, all other movements were unnecessary and redundant. This conservatism, combined with his horror of socialism, shaped his response to all social and economic problems.” (Nasr, *Mawdudi and the Making of Islamic Revivalism*, 105).

¹³⁹ Sayyid Abū al-ʿAlā Mawdūdī, *Economic Problem of Man and Its Islamic Solution* (Lahore: Markazi Maktaba Jamaʿat-e-Islami Pakistan, 1955), 59, 60.

¹⁴⁰ Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 8.

hence not only economic in nature, but it is also relevant to morality, culture, and society,¹⁴¹ for a human being's economic standpoint only reflects the (lack of) moral, spiritual, sociological, and political (dis)equilibrium. Humanity's economic problems originate from human selfishness, which "exceeds the limits of moderation"¹⁴² and extends to the issue of wealth and ownership. Private ownership is licit when entangled with a political system that fosters human goodness and social justice. What remains responsible for the social malaise is, however, the degradation of humankind to selfish consumers who are centered in the material world.

Furthermore, *Economic Problem of Man and Its Islamic Solution* discusses his views on communism and capitalism. The former treats an economic problem as the central issue of human life and hence lacks an ethical attitude toward the economic problem of man.¹⁴³ As a centralized system of the means of production, it indicates that in practice a small executive body runs the collective ownership.¹⁴⁴ On the other hand, for Mawdūdī, capitalism encourages an illicit means of acquisition of wealth and stockpiling of money. The Islamic solution is incongruent to economic behavior alone and must be linked with the moral transformation of society.¹⁴⁵ The so-called "Islamic economic system" is based both on Qur'anic predicaments and on objectives such as personal freedom, moral and material progress, and justice.¹⁴⁶ Concerning those objectives, Islamic economic principles are preserved through the parameters of private ownership, the value of labor, the institution of *zakāt*, interest-free economy, and the interrelationship between economic, political, and social systems.¹⁴⁷

¹⁴¹ Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 11.

¹⁴² Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 19–20; Mawdūdī, *First Principles of Islamic Economics*, 9.

¹⁴³ Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 43.

¹⁴⁴ Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 37–38.

¹⁴⁵ Mawdūdī, *Economic Problem of Man and Its Islamic Solution*, 46.

¹⁴⁶ Mawdūdī, *First Principles of Islamic Economics*, 88–90.

¹⁴⁷ "It is a system that evolves out of Faith in the Oneness of God and the Finality of Prophethood. It is out of this root that emerges the system of moral conduct, the system of Divine Worship, the economic system and the political system." (Mawdūdī, *First Principles of Islamic Economics*, 101; see also 91–102).

Mawdūdī stands against the delinking of economics from religion and morality.¹⁴⁸ Yet, his usage of Islamic order or economic system must be understood within the broader context of the Islamic vision of life, as inextricably related to broader social developments. Linking economic postulates with a sociopolitical vision not only generates a distinct ideological characteristic of such economics but also places it within secular methodology and a paradigm centered on the modern nation-state. He writes,

In order to recodify the economic laws, we have to look first at the economic scenario of the modern world and carefully study the modern methods of economic and financial transactions. We have to understand the underlying forces governing economic activities, learn about the various concepts and principles at work and the practical shapes that they are taking. We then have to see how to categorize the changes that have taken place in the field of economy and finance from the Islamic legal perspective, and how to frame rules that can be applicable to these categories; all this time, we must also be in accord with the dictates of the *Shari'a*, its legal vision and its objectives.¹⁴⁹

The discrepancies between Muslim religious scholars' and economists' theories of Islamic economics as being based on the moral predicaments of *Shari'a*, and the factual application of those theories within the dominant economic paradigm, exemplify the structural inconsistencies of merging religious ethics and modern economics. It also illustrates a process of a gradual yet forceful applicability of Islamic economic theories within the systemic confinements of the nation-state. Even though Mawdūdī states that capitalism and secular democracy are one of the biggest deceptions of modern times to which humanity is being subjected,¹⁵⁰ his vision of an Islamic society (in Pakistan), which also entails a developed economic system, would be structurally possible only within the modern Islamic nation-state. This entity would have all the corresponding systemic, bureaucratic, administrative, political, and economic configurations, while reappropriating the modern state conditions.¹⁵¹

¹⁴⁸ Muslim economists highlighted, for instance, that the principle of money plays only an intermediary role, and is not an objective in itself as it is in capitalism. (Khurshid Ahmad in Mawdūdī, *First Principles of Islamic Economics*, xviii, xxix).

¹⁴⁹ Mawdūdī, *First Principles of Islamic Economics*, 265; see also 260–262.

¹⁵⁰ Mawdūdī, *First Principles of Islamic Economics*, 230.

¹⁵¹ What it will be evident in due time about Pakistan's Islamization process is also the restructuring of the juridical and economic systems, some of them also

1.5 Islamization of Knowledge Process and Contemporary Islamic Thought

The Islamization of knowledge (IOK) process shaped the understanding of some of the modern intellectual movements across Euro-America, the Middle East, and South Asia. Due to its intellectual impact on Muslim economists, it is pivotal to understanding the project of contemporary Islamic economics. The majority of Muslim economists that will be presented in Chapter 2 situate their theories within the framework of IOK. This book understands IOK as the epistemological, scientific, and educational field of study that emerged in the 1970s, with the aim to re-Islamize educational curriculums and human disciplines. In addition to Islamization efforts in the domain of economics, academically and intellectually, it is primarily associated with Isma‘il al-Faruqi’s and Muhammad Naquib al-Attas’s conceptualizations of recuperating and reassessing the role of knowledge in contemporary period despite their methodological and epistemological differences.¹⁵² Their works had an impact on the curriculum and methodology of Islamic educational institutions and centers, including Islamic economic institutions. One of the main aims of IOK was the epistemological reimagining of the Islamic legacy and reverting the lost knowledge according to an Islamic worldview.¹⁵³ This, as we shall see below, prompted the advancement of Islamic economic theories by scholars who were trained in economic sciences and hence could be regarded as economists with Muslim background, who were primarily based in Malaysia, Pakistan, Saudi Arabia, and in other postcolonial Muslim-majority countries. According to the cofounder of the International Institute of Islamic Thought (IIIT), Taha Jabir Al-Alwani, IOK is not to be considered as a set of axioms or an ideology

proposed by Mawdūdī. The measures to reform the country’s economic system are to legally ban interest, carry out accountability for the rich in light of Islamic principles, abolish feudal landholdings, reduce ownership right of land to a certain limit, replace the banking system as the brainchild of capitalism with the Islamic foundations of *mushāraka*, organize the system of *zakāt*, and so forth. (Mawdūdī, *First Principles of Islamic Economics*, 249).

¹⁵² Isma‘il al-Faruqi (1921–1986) was a prominent Palestinian-American scholar of Islam and the founder of the International Institute of Islamic Thought (IIIT) in Herndon, Virginia. Muhammad Naquib al-Attas (b. 1931) is a contemporary Muslim philosopher from Malaysia who pioneered the idea of Islamization of knowledge.

¹⁵³ Al-Faruqi, *Islamization of Knowledge*, 39–47.

but rather as a methodology of knowledge, rooted in an Islamic worldview.¹⁵⁴ Proponents of the IOK perceive the spread of Western knowledge and secularism as the fundamental philosophy for Islamic sciences as one of the root causes for the malaise of modern Muslim societies. Some among them argue for a synthesis of Islamic heritage and knowledge as it emerged in modern Europe in order to achieve the scientific status of Islamic disciplines, such as Islamic economics.

The way society formulates and understands knowledge is inseparable from the usage of language and ideas expressed in that very language.¹⁵⁵ The concept of knowledge provides for the birth of different disciplines, educational philosophy, and institutions. In Islamic tradition, multiple types of *‘ilm* (loosely translated as knowledge) exist, including revealed knowledge (*al-wahy*), derived or acquired knowledge,¹⁵⁶ and branches of knowledge based on both the divine knowledge and the human intellect. Many modern Muslim scholars refer to the principles of knowledge comprised of *tawhīd* as unity of creation, *wahy* as revelation, and *‘aql* as human reason.¹⁵⁷ From such a perspective, knowledge is imbued with the construction of a personality or an agent (in economic terms, *homo Islamicus* as an opposition to *homo economicus*) within a particular worldview. According to the proponents of the IOK, this translates into a rejection of Western sciences due to the different conceptual and epistemological sources of knowledge that are to be found in Islamic tradition.¹⁵⁸

¹⁵⁴ See Ahmad S. Moussalli “Islamism: Modernization of Islam, or Islamization of Knowledge,” in *Cosmopolitanism, Identity and Authenticity in the Middle East*, ed. Roel Meijer (London: Routledge, 1999).

¹⁵⁵ See Seyyed Hossein Nasr, *Knowledge and the Sacred* (New York: State University of New York, 1989), 43; Hallaq, *Shari‘a*, 1–6; Muhammad Naquib al-Attas, *Prolegomena to the Metaphysics of Islam* (Kuala Lumpur: ISTAC, 2001), 20.

¹⁵⁶ On the notion of *‘ilm* and the history of knowledge and sciences in Islam, see Osman Bakar, *Classification of Knowledge in Islam* (Cambridge: Islamic Texts Society, 1998); Nasr, *Knowledge and the Sacred*.

¹⁵⁷ For the classification of knowledge in the Islamic tradition see e.g. Bakar, *Classification of Knowledge in Islam*.

¹⁵⁸ Apart from the different sources of knowledge, the objectives and branches of knowledge are also being discerned and appropriated in a distinct way in Islamic and Western epistemologies. Muhammad Amin, *An Analytical Appraisal of Islamization of Knowledge* (Lahore: Safa Educational Reforms Trust Pakistan, 2009), 17.

In what follows, I discuss how individual scholars like al-Faruqi and al-Attas envisioned correcting and implementing the Islamization process of scientific disciplines in order to reconcile Islamic tradition and modernity and to further the scientific method in a way that would be in accordance with Islamic normativity.

1.5.1 *Isma‘il al-Faruqi’s Division of Islamic Sciences*

Islamization of academic discourse in the twentieth century is in part linked to a particular intellectual orientation by Muslim reformists who espoused an antithetic vision of a modern Islamic nation-state. Much of the unease among the intelligentsia of the *umma* they claim, was because Muslims “were secularized, westernized, and de-Islamized by internal and external agents.”¹⁵⁹ Contemporary Western-trained Muslim economists advanced the idea of an Islamic society and Islamic economic agents on the grounds of an Islamic, politically independent, and economically viable system.

Al-Faruqi, a Palestinian-American scholar on Islam, who with Taha Jabir Al-Alwani cofounded the IIIT in 1981 by securing \$25 million from the Saudi Islamic Development Bank, was pivotal for the promotion and expansion of the IOK agenda. The far-reaching influence of al-Faruqi’s ideas in the creation of the IIIT has had tremendous impact on the implementation of the IOK project by various scholars, institutes, and educational facilities in the West. His book, *Islamization of Knowledge* has become the manifesto for many Islamic universities that implemented their curriculum programs and designed their learning pedagogy according to its main framework.

Since contemporary knowledge has undergone a process of secularization and westernization, al-Faruqi, unlike al-Attas, sees IOK as a process that can contest the Eurocentric knowledge that has been universalized,¹⁶⁰ since, he argues, education is the cornerstone and a prerequisite of any state. Al-Faruqi defines the Islamization process as applying new knowledge to the Islamic intellectual corpus,¹⁶¹ rooted in the *tawhīd* epistemology. Yet IOK presents only one type of knowledge, and “a way and a method to formulate a methodological,

¹⁵⁹ Al-Faruqi, *Islamization of Knowledge*, 1.

¹⁶⁰ Al-Faruqi, *Islamization of Knowledge*, 36.

¹⁶¹ Al-Faruqi, *Islamization of Knowledge*, 30.

scientific, mental approach to humanities, social sciences, and applied sciences.”¹⁶² One of its aims, which targets contemporary knowledge, is to expand the methodology due to the shortcomings of traditional Islamic sciences.¹⁶³ Al-Faruqi sets up the Islamization plan founded on several objectives, which include efforts to increase awareness among the *umma* of the crisis of ideas; to revive the lost ideology; to define the relationship between the failure of Islamic thought and its methodology; to adopt Islamic methodology in the field of social sciences; to master modern disciplines and Islamic history; to establish a bridge between Islamic and modern knowledge; and to launch a trajectory of knowledge that would fulfill the divine message.¹⁶⁴ In order to achieve those objectives of the IOK plan, certain steps should be taken: for instance, mastering and critically evaluating modern and classical disciplines; analyzing the current problems of the *umma*; disseminating Islamized knowledge;¹⁶⁵ and producing university-level texts books to recast the modern disciplines as imbued with Islamic vision.¹⁶⁶ A central task would be to integrate the two systems, instilling an Islamic vision through political, cultural, social, and educational platforms. Moreover, Islamic educational systems would be established, consisting of elementary and secondary schools, colleges, and universities,¹⁶⁷ which would be instrumental for the dissemination for the Islamization of Islamic economics.

Along with al-Faruqi, Muhammad Naquib al-Attas is the main representative of the IOK process in Malaysia, who espouses the theory

¹⁶² Al-Faruqi, *Islamization of Knowledge*, 85.

¹⁶³ Al-Faruqi holds that the classical scholarship abandoned *ijtihād* since they perceived *Shari'a* as being in a perfect state. Since *fiqh* as a closed system presented a stalemate, Muslims sought to overcome the difficulties through *teşawwuf*. (Al-Faruqi, *Islamization of Knowledge*, 23–25).

¹⁶⁴ Al-Faruqi, *Islamization of Knowledge*, 57–58.

¹⁶⁵ Al-Faruqi, *Islamization of Knowledge*, 57–82.

¹⁶⁶ By Islamic values, al-Faruqi means the usefulness of knowledge, nurturing the divine patterns, and building culture and civilization, based on virtues of piety and righteousness. The concepts and methodology used to disseminate the IOK consist of intellectual, academic, educational, cultural, administrative, and research-based preparations of the institute's cadres. (Al-Faruqi, *Islamization of Knowledge*, 19–20, 60–79). For the division of Islamized disciplines see a detailed study in 'Abdul Ḥamīd Abū Sulaymān, *Mafāhim fī I'ādat Binā' Manhajiyāt al-Fikr al-Islāmī al-Mu'āşir*. (Concepts of Reconstruction: Methodology in Contemporary Muslim Thought) (Herndon, VA: IIIT, 1989); see also al-Faruqi, *Islamization of Knowledge*, 31–68.

¹⁶⁷ Al-Faruqi, *Islamization of Knowledge*, 13–14.

of Islamization through the study of Islamic intellectual history and *taṣawwuf*.

1.5.2 Muhammad Naquib al-Attas and the Metaphysics of Islam

Al-Attas maintains that knowledge as such is never value-neutral, but rather it is influenced by the religious, moral, social, and cultural worldview of the society in which it emerges.¹⁶⁸ In spite of Western disciplines not accepting the Islamic sources or division of knowledge,¹⁶⁹ the IOK process has consequently meant assimilating Islamic knowledge from within its own epistemology into the modernist discourse, which has shaped in part the discipline of Islamic economics. As a result, in the modern period many Muslim scholars and economists amalgamated Western knowledge with their own tradition, procuring a Cartesian dualism embedded in different worldviews and ideologies.¹⁷⁰ According to al-Attas, Islamization involves the Islamization of language, since language is closely related to one's worldview. He maintains that IOK is the inclusion of knowledge from its interpretations based on secular logic.¹⁷¹ The deletion from Islamic legacy of foreign concepts within the Western tradition – such as the philosophy of dualism and secular logic – is a precondition for a successful process of Islamization, whereby the category of knowledge becomes fundamental not only to the Islamic tradition but to any real modern education. In the traditional Islamic worldview, knowledge was encapsulated in the open-ended *farḍ kifāya* knowledge, which includes the natural, physical, and applied sciences and the *farḍ 'ayn*, the absolute nature of the knowledge pertaining to God and the spiritual realities and moral truths.¹⁷² *Farḍ 'ayn* knowledge is dynamic, increasing in accordance with the spiritual and social responsibilities of a person. Contemporary modern knowledge is, however, delivered from its interpretations based on secular ideology, which requires

¹⁶⁸ Amin, *Analytical Appraisal of Islamization of Knowledge*, 5.

¹⁶⁹ Al-Attas, *Islam, Secularism and the Philosophy of Future*, 128.

¹⁷⁰ Al-Attas, *Islam and Secularism*, 36 and 134–135.

¹⁷¹ Al-Attas, *Islam and Secularism*, 44.

¹⁷² Al-Attas, *Islam and Secularism*, 84.

a critical examination of the methods of modern science; its concepts, pre-suppositions, and symbols; its empirical and rational aspects, and those impinging upon values and ethics; its interpretations of origins; its theory of knowledge; its presuppositions on the existence of an external world, of the uniformity of nature and of the rationality of natural processes; its theory of the universe; its classification of the sciences; its limitations and inter-relations with one another of the sciences, and its social relations.¹⁷³

However, for al-Attas, *ma'rifah*¹⁷⁴ as a priori knowledge does not need to undergo an Islamization process since it is inherently Islamic; this is why al-Attas refers to the term "Islamization of present-day knowledge" as *aslamat 'ulūm al-mu'āṣirah* or *Islamiyatul 'ulūm al-mu'āṣirah*.¹⁷⁵ Science is hence regarded as a form of *ta'wīl* or allegorical interpretation of the empirical reality that constitutes the natural and cosmological world,¹⁷⁶ whereas religion is constituted as an established law (*Sharī'a*) and truth (*haqīqa*).¹⁷⁷

Al-Attas expounded the notion of *adab*, which he translated as "right action," which became one of the central terms of his philosophy of Islamization. *Adab* is closely linked to *kashf* as a source of inner predisposition that springs from self-discipline and is intrinsically connected to knowledge, whereas *'adl* (justice) is the condition of things in their proper places that has been lost in the Muslim world as a result of neglecting *adab*.¹⁷⁸ In the context of disciplines and fields of scientific

¹⁷³ Al-Attas, *Prolegomena to the Metaphysics of Islam*, 114.

¹⁷⁴ "Ma'rifah as 'knowledge' is both right cognition (*'ilm*) and right feeling or spiritual mood (*hāl*); and the former, which marks the final stages of the spiritual 'stations' (*maqāmāt*), precedes the latter, which marks time beginning of the spiritual 'states' (*ahwāl*). So *ma'rifah* marks the spiritual transition – point between the spiritual station and the spiritual state." (Al-Attas, *Islam and Secularism*, 71).

¹⁷⁵ Al-Attas, *Islam, Secularism and the Philosophy of Future*, 127.

¹⁷⁶ Muhammad Naquib al-Attas, *Islam and the Philosophy of Science* (Kuala Lumpur: ISTAC, 1989), 116.

¹⁷⁷ Al-Attas argues that the constituent components of the fundamentals of Islamic metaphysics are the primacy of the reality of existence; the dynamic nature of this reality; determination and individuation; the perpetual process of the new creation; the absence of a necessary relation between cause and effect and its explanation in the Divine causality; the third metaphysical category between existence and nonexistence (the realm of the permanent entities); and the metaphysics of change and permanence pertaining to the realities. It is within the framework of this metaphysics that the philosophy of science must be formulated. (Al-Attas, *Islam and the Philosophy of Science*, 35–36).

¹⁷⁸ Al-Attas, *Islam and Secularism*, 105–110, 149–152. The first edition of the book was published in 1979.

inquiry, education is acquired knowledge only if it includes morality and moral purposes, also called *adab*.¹⁷⁹ Islamization is hence the recalibration and reintegration of *adab* into the Muslim social fabric. The disintegration of *adab* in Muslim societies occurred due to both the corruption of knowledge¹⁸⁰ and the blind adaptation of Western patterns of education, which impacted the theory of knowledge of sciences. This was inextricably related to the “secularization process” in Western societies, which disassociated moral postulates from scientific inquiries. Al-Attas has thus been advocating the process of purifying Islamic knowledge, its epistemology, and its sciences of Western concepts – which have been integrated into the very composition of the Muslim perception of the world. In order to reintegrate Islamic concepts into the Muslim worldview, one has to reexamine and analyze the fundamental terms within Islamic tradition as manifestations of theory and practice.¹⁸¹ This entails isolating key Western concepts from a modern vocabulary – such as secularism, humanism, and dualism – and infusing them with an Islamic epistemology.¹⁸²

Below, I analyze the case study of Pakistan and its Islamization processes with the aim to explain how the Islamization of its state economy was introduced and how Islamic finances were established in a modern Islamic nation-state.

1.6 Islamization of the Islamic Economy (1979–Present)

1.6.1 Islamization of Pakistan’s Economy

The creation of Islamic finances and banking and the emergence of Islamic universities in Pakistan, Malaysia, and elsewhere, as well as the

¹⁷⁹ “Education, then, is the absorption of *adab* in the self . . . *Adab*, concisely defined, is the spectacle of justice (*‘adl*) as it is reflected by wisdom (*bikmah*).” (Al-Attas, *Prolegomena to the Metaphysics of Islam*, 16, 17).

¹⁸⁰ Al-Attas, *Prolegomena to the Metaphysics of Islam*, 19.

¹⁸¹ One example is the word *dīn* translated into English simply as “religion.” Al-Attas contests that *dīn* connotes a much broader and more profound understanding of Islamic faith and can be translated as indebtedness, submissiveness, judicial power, and natural inclination or tendency. (Al-Attas, *Prolegomena to the Metaphysics of Islam*, 42; al-Attas, *Islam and Secularism*, 52).

¹⁸² Al-Attas, *Islam and Secularism*, 43, 130.

demand for educational curriculums and religious education, went hand in hand with the ideology of Islamic economics as part of the restructuring of modern Muslim societies. Islamization involved social, political, cultural, and economic reforms, encompassing finances and economic transactions. Islamic financial institutions were created across the Middle East, North Africa, and South(east) Asia. In many respects, the process of Islamization was easier to accommodate in economics than in other fields, providing an Islamic legitimacy to national economic and political decisions.¹⁸³

The secular postcolonial states such as Pakistan and Malaysia adapted a unique path to the development of Islamic economics as a prerogative based on religious identity that was eventually incorporated as a state ideology during the transition from secular to Islamic state.¹⁸⁴ The institutional flourishing of Islamic economics occurred gradually and systematically. In the case of Pakistan, General Arif, a member of its military forces, stated that Pakistani state power and sovereignty ultimately had to be addressed within the parameters of God.¹⁸⁵ Eventually, the Islamic state of Pakistan¹⁸⁶ was at the forefront of opposition to the secular logic of the postcolonial state, when Muhammad Zia ul-Haq, a Pakistani four-star general and the sixth president of Pakistan, eliminated interest from three financial institutions in 1979. This was also an opposition move to his predecessor, Prime Minister Zulfikar Ali Bhutto, and his program of nationalization and land reform. The 1979 declaration of the Pakistani government transferred the country's economic system to an Islamic economy, which was the first attempt to put into practice "Islamic economic principles" through real economic policies, implementing an Islamic taxation system, the institution of *zakāt*, and the

¹⁸³ Mahathir Muhammad, "Islamization of Knowledge and the Future of the Ummah," in *Toward Islamization of Disciplines* (Herndon, VA: IIIT, 1995), 9–12.

¹⁸⁴ Vali Nasr, "Islamization, the State and Development," in *Islamization and the Pakistani Economy*, ed. Robert M. Hathaway and Wilson Lee (Washington, DC: Woodrow Wilson International Center for Scholars, 2004), 91–100.

¹⁸⁵ Khalid Mahmud Arif, *Working with Zia: Pakistan's Power Politics, 1977–88* (Karachi: Oxford University Press, 1995), 79.

¹⁸⁶ In 1979, the military regime of Pakistan promulgated corporal punishment in place of the British criminal code. The Islamization of the judiciary and state apparatus was designed to produce a legal system that would prompt political and economic reforms and replace the Anglo-Saxon codes and laws. See e.g. Iqbal, *Islamisation of Pakistan*.

elimination of *ribā*.¹⁸⁷ Modern and Islamic education systems would coexist as long as they were infused with Islamic values. The establishment of the International Islamic University of Islamabad and the International Islamic University in Kuala Lumpur sought to provide the state with modern, albeit religiously stipulated, knowledge and a workforce that would cope with the modern economy. As such, Pakistan's Islamization efforts were thorough on societal, juridical, and economic levels, assuring that a particular ideological strand met political ends. However, due to various historical factors, the Pakistani state was unable to assert the same level of political hegemony as that which was established in Malaysia.¹⁸⁸

Pakistan turned to Islamization in order to consolidate political control and state formation.¹⁸⁹ In both Pakistan and Malaysia, when the establishment of the state apparatus and the national economy were still in their early stages, the process of Islamization, which happened in 1977 and 1981 respectively, enabled a political hegemony over national identity and economic development.¹⁹⁰ Pakistan continued the colonial project's governing systems, interweaving hegemonic policies, modernization process, and formations of

¹⁸⁷ Arif, *Working with Zia*; Khurshid Ahmad, "Islamizing the Economy: The Pakistan Experience," in Hathaway and Lee, *Islamization and the Pakistani Economy*, 40–42; Charles H. Kennedy, "Pakistan's Superior Courts and the Prohibition of Riba," in Hathaway and Lee, *Islamization and the Pakistani Economy*, 102.

¹⁸⁸ See e.g. Radia Abdul Kader and Mohamed Ariff, "The Political Economy of Islamic Finance: The Malaysian Experience," in *Islamic Political Economy in Capitalist Globalization: An Agenda for Change*, ed. Masudul Alam Choudhry, Abdad M. Z., and Muhammad Syukri Salleh (Kuala Lumpur: IPIPE, 1997).

¹⁸⁹ On the Islamization of the Pakistani economy see e.g. Ishrat Husain, "The Economy of Pakistan: Past, Present and Future," in Hathaway and Lee, *Islamization and the Pakistani Economy*, 11–36; "Islamization is a proactive rather than a reactive process, in which state interests serve as a causal factor." (Nasr, *Islamic Leviathan*, 6).

¹⁹⁰ The state in the Muslim world emerged not as an organic entity but rather as an inherently colonial project. For more, see Timothy Mitchell, "The Limits of the State: Beyond Statist Approaches and Their Critics," *American Political Science Review*, vol. 85, no. 1 (1991): 77–96; Sami Zubaida, "Islam, the State and Democracy: Contrasting Conceptions of Society in Egypt," *Middle East Report*, no. 179 (1992): 2–10; Lisa Anderson, "The State in the Middle East and North Africa," *Comparative Politics*, vol. 20, no. 1 (1987): 1–18; James C. Scott, *Political Ideology in Malaysia: Reality and the Beliefs of an Elite* (Kuala Lumpur: University of Malaya Press, 1968).

secular governments in accordance with the European notion of sovereignty, while implementing an Islamic economy; in brief, they replicated similar state operations. The political institutions and social structures inherited from colonial powers included a bureaucracy, a judiciary, and a military, ensuring the promulgation of political conditions that resembled the colonial situation. Furthermore, the propagation of religious, tribal, and ethnic affiliations by colonial states in the Muslim world facilitated national disunity in the 1970s and 1980s through the political assertion of Islamism, which was seen as a solution to the crisis of the secular state.¹⁹¹ The Islamization of state politics in Pakistan demarcated the adaptation of the postcolonial state apparatus based on local cultural and social structures.¹⁹² In this regard, Islamism and Islamization ought to be analyzed in light of modernity and secular ideologies. The secularization process in the Muslim world politicized religious tendencies that had an effect on the political landscape.¹⁹³ Because of this dichotomy, Pakistan, Malaysia, and other postcolonial countries experienced an inclusion of religious principles into domestic politics and a gradual decline of secular politics based on colonial administration. In Pakistan, the ruling regimes empowered an Islamic narrative as a political discourse by also drawing new constitutions and establishing state–society relations, which meant also Islamizing the economy. Interest-free banking became prominent in the 1980s,

¹⁹¹ “At the critical juncture of 1977–80 in both Malaysia and Pakistan the postcolonial state faced a serious crisis. Its strategies of survival and efforts to shore up state authority and pursue economic development – NEP in Malaysia and the PPP’s populism in Pakistan – had faced resistance. That resistance had parlayed into Islamist activism that threatened state authority and, in the case of Pakistan, came close to debunking the state altogether. State leaders were thus compelled to look for new ways in which to bolster state authority and augment its powers. The task of empowering the state would inevitably become anchored in the ideas and political tools of Islamism, for the decade of Islamist activism greatly affected social norms and values, and the relation of society to the state. (Nasr, *Islamic Leviathan*, 101). See also Kuran, *Islam and Mammon*, 1.

¹⁹² See Mumtaz Ahmad, “Islamization and the Structural Crises of the State in Pakistan,” *Issues in Islamic Thought*, vol. 12 (1993): 304–310.

¹⁹³ This view is shared by various scholars. For Reza Vali Nasr “Islamism is the product of this dialectic in the postcolonial Muslim world . . . Islamism was opposed only to the secular ideology of the state, but not to state hegemony, its extensive intervention in the economy and society. Islamism at its core supports statism, provided that the state is ‘Islamic’.” (Nasr, *Islamic Leviathan*, 14).

especially in Pakistan.¹⁹⁴ Islamizing academic disciplines in order to make them compatible with Islamic teachings was designated as an effort to decolonize the society and Islamize the judiciary. This, however, also meant developing a modern Islamic theory of knowledge based on Western epistemologies such as phenomenology, historicity, and relativism, as well as Islamizing concepts such as state and democracy.¹⁹⁵

The founding of other Islamic financial institutions throughout the Middle East and North Africa transformed Islamic economic teachings into concrete establishments, for example, the Mit-Ghamr Saving Bank in Egypt in 1963, the Islamic Development Bank (ISDB) in 1975, the Dubai Islamic Bank in 1975, Kuwait Finance House in 1977, Jordan's Islamic Bank for Finance and Investment in 1978, Bahrain's Islamic Bank in 1979, Iran's Islamic Bank in 1979, the Islamic Exchange and Investment Corporation in Qatar in 1979, International Islamic Bank in Bangladesh in 1983, Tadamon Islamic Bank in Sudan in 1983, Bank Islam Malaysia in 1983, a group of Faisal Islamic Banks in the 1970s and 1980s.¹⁹⁶

1.6.2 Intellectual and Institutional Efforts of Islamization

The establishment of Islamic finances and banking has its origins in the theoretical, ideological, and institutional frameworks of ideologues,

¹⁹⁴ In Pakistan, in the 1980s, interest-free banking dominated the financial sector but accounted for only a fraction of banking services, over 90 percent of which were carried out by foreign banks. (Nasr, *Islamic Leviathan*, 123). In Malaysia, for instance, Islamic finance and interest-free banking were introduced by the government in 1983, leading to the Islamization of educational curricula. See e.g. Rodney Wilson, "Islam and Malaysia's Economic Development," *Journal of Islamic Studies*, vol. 9, no. 2 (1998): 259–276; William R. Roff, "Patterns of Islamization in Malaysia, 1890s–1990s: Exemplars, Institutions, and Vectors," *Journal of Islamic Studies*, vol. 9, no. 2 (1998): 210–228.

¹⁹⁵ For more on the state of knowledge in modernity, see e.g. Moussalli, "Islamism," 97–101; Bauer, *Die Kultur der Ambiguität*, 388; Fazlur Rahman, "Islamization of Knowledge: A Response," *Islamic Studies*, vol. 50, no. 3/4 (2011): 449–457; Seyyed Vali Reza Nasr, "Islamization of Knowledge: A Critical Overview," *Islamic Studies*, vol. 30, no. 3 (1991): 387–400.

¹⁹⁶ El-Ashker, Wilson, *Islamic Economics: A Short History*, 336. The ISDB was established in 1975 by the Organization of Islamic Countries. It was devised as an intergovernmental bank with the primary aim to provide financial assistance (with no interest) in member countries. For more on the ISDB and the history of Islamic banking, see www.isdb.org.

scholars, and Muslim economists, a motley group who created and expanded the field of Islamic economics.¹⁹⁷ Islamic economics grew through the establishment of religious, social, educational, and economic organizations and institutions, such as the Organization of the Islamic Conference (1969); the Islamic Development Bank (1975), which was founded by the finance ministers at the Organization of the Islamic Conference and includes ten member states; the International Conference on Islamic Economics (1976); the International Centre for Research in Islamic Economics (1977); the International Islamic University in Islamabad (1980) and Malaysia (1983); the Islamic Research and Training Institute (1981); and the IIIT (1981), which directed the course of Islamizing knowledge processes, educational curriculums, and economic incentives of those countries, along with the establishment of Islamic financial institutions and business enterprises.¹⁹⁸ Hundreds of works on Islamic economics, finance, and banking appeared, predominantly in English, Arabic, and Urdu languages,¹⁹⁹ published primarily by Islamic Publications in Lahore, Pakistan; the International Islamic University in Kuala Lumpur, Malaysia; the Islamic Foundation in Leicester, UK; and the Islamic Economics Institute at King Abdul Aziz University in Jeddah, Saudi Arabia, in addition to the literature on IOK published by the IIIT in Herndon, USA. This literature commented on social justice, taxation, ownership, financial transactions, the legal system, banking, and more. Even though the literature produced by these centers and institutions was not meant to be political per se, it impacted some of the implementation policies on the ground, in that Muslim economists' writings on the Islamic economic ideas in the second half of the twentieth century were favored by the very academic institutions that published their work.

Despite the diverse body of literature on Islamic economics, early Muslim revivalists and Islamic ideologues of South Asia, as well as

¹⁹⁷ Timur Kuran states that Islamism blossomed primarily through economic and financial mechanisms and instruments (Kuran, *Islam and Mammon*, 64–66).

¹⁹⁸ See e.g. the Islamic Development Bank, accessed March 17, 2017, www.isdb.org/irj/portal/anonymous?NavigationTarget=navurl://8dfe53c09be96621aee748c849549322; El-Ashker, Wilson, *Islamic Economics: A Short History*, 329.

¹⁹⁹ See Mohammad Nejatullah Siddiqi, "Muslim Economic Thinking: A Survey of Contemporary Literature," in *Studies in Islamic Economics*, ed. Khurshid Ahmad (Leicester: Islamic Foundation, 1980).

Western-trained Muslim economists, give evidence of a particular intellectual lineage of Islamic economics. Islamic finance and banking are only by-products of a long stretch of intellectual, ideological, and political contestations and accommodations of Islamic teachings and Western-induced knowledge through epistemological tendencies. The Islamic financial system, however, would not be possible without the potential clientele who forms the majority of its markets.

Three methodological trends can be observed in the formation of contemporary Islamic economics and finance: first, the application of *uṣūl al-fiqh* methodology to Islamic economics; second, the utilization of various economic methodologies from Western and Islamic sources; and third, the inclusion of Islamic economic ethics into the episteme of conventional economics.²⁰⁰ The notion of *dīn* as the central element of the Qurʾanic worldview plays a prominent role for the proponents of the Islamization of Islamic economics, as is found in the writings of Mawdūdī and al-Faruqī. The epistemology of Islamic economics is hence formed around the centrality of revelation in the pursuit of knowledge,²⁰¹ whereby Islamic methodology invokes the knowledge of *Shariʿa* and other secondary sources.²⁰² Muslim economists are interested in both sources and methodologies.²⁰³ For instance, Muḥammad Zarqa perceives Islam as a religion of guidance with normative statements, encouraging the analysis of normative hypotheses of economic thought in Islamic tradition and focusing on the relationship between

²⁰⁰ Furqani and Haneef – who state that *fiqh* dominates the Islamic economic discourse – follow the Islamization of knowledge theory. Hafas Furqani and Muhammad Aslam Haneef, “Methodology of Islamic Economics: Typology of Current Practices, Evaluation and Way Forward,” (paper presented at the Eighth International Conference on Islamic Economics and Finance, Doha Qatar, December 19–21, 2011), 2–8; Muhammad Aslam Haneef and Hafas Furqani, “Contemporary Islamic Economics: The Missing Dimension of Genuine Islamization,” *Thoughts on Economics*, vol. 19, no. 4 (2004): 29–48.

²⁰¹ Muhammad Aslam Haneef, “Islam, the Islamic Worldview and Islamic Economics,” *IJUM Journal of Economics and Management*, vol. 5, no. 1 (1997): 48.

²⁰² Mahmud Abu Saud, “The Methodology of the Islamic Behavioural Sciences,” *American Journal of Islamic Social Sciences*, vol. 10, no. 3, (1993): 382–395.

²⁰³ Muḥammad Zarqa, “Islamization of Economics: The Concept and Methodology,” *Journal of King Abdul Aziz University: Islamic Economics*, vol. 16, no. 1 (2003): 12. See also the Arabic version of this article: Muḥammad Zarqa “Tahqiq Islamiyyat Ilm al Iqtisad: al Mahfum waʿl Manhaj,” *Journal of King Abdul Aziz University: Islamic Economics*, vol. 2, 1990.

Islamic economics and jurisprudence.²⁰⁴ The objective of Islamic economics is thus “to arrive at descriptive hypotheses or assumptions that diagnose reality and link the various economic phenomena.”²⁰⁵ Al-Faruqi’s eight-step Islamization plan,²⁰⁶ which reintegrates *Shari’a* into the economic philosophy of Islam, has been referenced by Muslim economists such as Zarqa,²⁰⁷ Monzer Kahf, Muhammad Haneef, and Mohammad Nejatullah Siddiqi.²⁰⁸ The main representatives of contemporary Islamic economics, as presented in Chapter 2, despite their various methodologies, seem to follow the basic plan of the IOK.

Among the most prominent areas dominating IOK were Islamic economics and finance. Even though early discourse on Islam and economics commenced in the 1930s, and IOK only emerged in the 1970s, the Islamization of financial institutions and state economies, as well as more intellectual endeavors, such as al-Attas’s conceptualization of Islam and secularism, and especially al-Faruqi’s elaborated IOK plan, had repercussions on the blossoming of the Islamic economic project, in addition to the implementation practices by the aforementioned institutional and financial centers that produced or advocated for an inclusive model of Islamic economics and finances. As a discipline, Islamic economics was included in the Western and Islamic educational curricula through Islamic finance and banking,²⁰⁹ and also became an academic field. Part of the credit for its development goes to the subsequent proponents of the IOK and to the global institutions that advanced their teachings in the United States, Pakistan, Indonesia, and Malaysia. The most known by-product of the Islamic economic project became its financial aspect – the creation of Islamic banks – which was product-focused, and not so much an

²⁰⁴ Zarqa, “Islamization of Economics,” 22.

²⁰⁵ Zarqa, “Islamization of Economics,” 22.

²⁰⁶ Al-Faruqi, *Islamization of Knowledge*, 57–58; see also 58–79.

²⁰⁷ Zarqa, “Islamization of Economics,” 33–39.

²⁰⁸ Mohammad Nejatullah Siddiqi, “An Islamic Approach to Economics,” in *Islam: Source and Purpose of Knowledge* (Herndon, VA: IIIT, 1988), 153–175; Mohammad Nejatullah Siddiqi, “Islamizing Economics,” in *Toward Islamization of Disciplines* (Herndon, VA: IIIT, 1995), 253–264. See also Mahmud Abu Saud, “Toward Islamic Economics,” in *Toward Islamization of Disciplines* (Herndon, VA: IIIT, 1995), 265–723.

²⁰⁹ Mohammad Nejatullah Siddiqi, “Islamization of Knowledge: Reflections and Priorities,” *American Journal of Islamic Sciences*, vol. 28, no. 3 (2011): 25.

epistemological quest for theoretical and historical analysis of Islam's moral economy. Islamic banks also emerged across Europe, including the United Kingdom, Luxembourg, and Denmark.

1.7 Concluding Remarks

This chapter analyzed some of the epistemological contentions of Muslim reformists and modernists on economic thought within the broader frame of the historical, political, and socioeconomic realities of the late nineteenth and twentieth centuries. While the aforementioned Muslim reformists criticized socialism and capitalism, they focused on the theological and moral restructuring of the colonial Muslim subject; notably, they did not directly invoke an alternative economic system until the inception of the subject by South Asian scholars. Against the backdrop of colonial political struggles, especially in Pakistan, many Muslim scholars came to defend an Islamic economic system, for example, Mawdūdī, who was one of the most visible and vocal proponents of an Islamic society and state. His political economy and theory of an Islamic state, which was nonetheless anchored in the modernist paradigm, gave prominence to the flourishing of Islamic economics after the 1950s. The Islamization process, which swept through Malaysia, Indonesia, Pakistan, and other Muslim-majority countries, gradually forced the alteration of domestic juridical and economic systems and the inclusion of more religiously conservative political vision. Moreover, as an intellectual program, the IOK process in the 1970s influenced and furthered the Islamization of sciences and disciplines, including Islamic economics, despite the methodological and epistemological inconsistencies that appeared in the merging of two distinct paradigms – Islamic heritage and Western knowledge, especially in al-Faruqī's works.

Muslim economists drew on IOK ideas that advanced the development of Islamic economics, grounding it in an Islamic tradition of jurisprudence. While the disciplines of Islamic economics and Islamic jurisprudence differ methodologically, many Muslim economists (who will be presented in Chapter 2) intended to centralize *fiqh* in Islamic economics. This is highly problematic, since economic behavior discusses much broader fields than only legal postulates. The proponents of the Islamization of Islamic economics proposed multiple sources of knowledge, which entails in part Western epistemic

knowledge of economic science and the division of disciplines. The Islamization also supports the integration of Islamic principles into the commercial economic system based on the unification methodology,²¹⁰ most visible in Islamic finance and banking, which become its torchbearer.

²¹⁰ See Monzer Kahf, "Islamic Economics: Notes on Definition and Methodology," *Review of Islamic Economics*, vol. 13 (2003): 23–47; Zarqa, "Islamization of Economics"; Haneef, "Islam, the Islamic Worldview and Islamic Economics."