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“Islam’s Moral Economy; A FiqhiConomic Interpretation”

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In spite of the idealist nature of their *Fiqhi* enterprise, the classical jurists also exhibited an acute understanding of their economic and business environment, one that enabled them to articulate the moral foundations and efficient legal institutions of a highly successful Islamic economy. This fact led the economic historian Abraham Udovitch (1970: 261), in a meticulous and well-reasoned study of those institutions, to conclude that: “The prominence of the Muslim world in the trade of the early Middle Ages, if not attributable to, was certainly reinforced by the superiority and flexibility of the commercial techniques available to its merchants. Some of the institutions, practices and concepts already found fully developed in the Islamic legal sources of the late eighth century did not emerge in Europe until several centuries later.” This paper sketches out a verbal “model” of the “classical” economy of historical Islam, one that assembles what is known of its basic “building blocks” in a coherent system that highlights its moral and legal philosophy, and encapsulates its fundamental principles and “laws of motion” in theory as well as its *modus operandi* in practice. In the process, the broad lines of this model are juxtaposed to the revivalist views and doctrines espoused by “*Mawdūdi-economists*.” In implementing this objective - besides the introduction - the paper consists of four other sections. In section II, Islam’s work ethic of “legitimate/justified gain” is expounded to reveal a doctrine of economic justice that underpins the juristic effort of the classical jurists. This doctrine is employed in section III, “The Shari’ah Market Model,” to delineate/typify the economic structure of classical *Sūqs*, their moral/social embeddedness, their legal framework, and their operational and policy institutions. Section IV addresses the microeconomic institutions of business association and financing as well as the macroeconomic conduits of financial intermediation between savers and investors. Finally, in Section V, the paper ends with a perspective-based summary and concluding remarks regarding the nature of the socioeconomic system typified here.