

The Time Factor – Toshihiko Izutsu and Islamic Economic Tradition

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Abstract

This paper interrogates the notions of time and money in Islamic (economic) tradition by applying Toshihiko Izutsu's theory of the key terms of a worldview. A Japanese scholar of Islam, Toshihiko Izutsu (1914–1993), wrote extensively on Islamic studies, eastern mystical traditions, and Sufism. His theory of key ethical concepts in the *Qur'an* is a semantic analysis of an Islamic worldview, which can be applied also more specifically to economic thought in Islamic tradition. Applying Izutsu's theory would shed light on the main ethico-economic concepts and postulates in Islamic intellectual history, such as the notions of time, money, and commodity purchases, as well as their relation to man as a time-contingent being. As well as the introduction and conclusion, this paper is divided into three main parts. In the first part, I introduce Izutsu's life and his semantic theory. The second focuses on Islamic economics and its relation to *Shari'a* as a moral concept, whereas the third part inquires more specifically upon the notion of time and money in classical and contemporary Islamic economic thought.

Keywords words: Toshihiko Izutsu, time, money, Islamic economic thought

Časovni dejavnik – Toshihiko Izutsu in islamska ekonomska tradicija

Izvleček

Članek obravnava pojma časa in denarja znotraj islamske (ekonomske) misli, sklicujoč se na teorijo ključnih konceptov pogleda na svet Toshihika Izutsuja. Japonski preučevalec islama Toshihiko Izutsu (1914–1993) je napisal več del o islamu, vzhodni mistični tradiciji in sufizmu. Njegova teorija ključnih etičnih konceptov v Koranu predstavlja semantično analizo islamskega pogleda na svet, ki je uporabna tudi v okviru ekonomske misli v islamski tradiciji. Izutsujeva teorija osvetljuje glavne etično-ekonomske koncepte in izhodišča znotraj islamske intelektualne tradicije, na primer pojme časa, denarja, kupovanja blaga, pa tudi njihov odnos do človeka kot bitja, odvisnega od časa. V prvem delu članka sta predstavljena Izutsujevo življenje in njegova semantična teorija. Drugi del se osredotoča na islamsko ekonomijo in njeno povezavo s šeriatskim pravom kot

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moralnim konceptom, tretji del pa proučuje pojma časa in denarja znotraj klasične in sodobne islamske ekonomske misli.

Ključni pojmi: Toshihiko Izutsu, čas, denar, islamska ekonomska misel

Introduction

Time has always been regarded as an indispensable factor in managing economic activities in both Western and Islamic economic thought. Historically, Islamic culture was affiliated with commerce, and Islamic civilisation has made seminal contributions to economic thought amid the Islamic expansion of trade, sciences, and knowledge (Crone 2004). Various Muslim scholars—who will be introduced in the following paragraphs—have analysed the notion of time in relation to demand and supply policies, the role of labour, utilisation of money, profit and interest, and commerce in general, invoking the moral precepts of *Shari'a*,¹ which link the realm of the legal with the moral, conjoining *'ilm* (knowledge) with *'amal* (deed).

Toshihiko Izutsu (1914–1993), a Japanese scholar of Islam, proposed a semantic analysis of *Qur'anic* terms, arguing that the *Qur'an* is capable of being approached from a number of viewpoints (Izutsu 1964). Central to Izutsu's work is the view that principles of ethics or values are basically derived from worldviews. As such, by scrutinizing the theological, philosophical and especially semantical connotations of the key concepts in the *Qur'an*, such as *Allāh*, *khalīfa*, *'abd*, *wahy*, and others, then the notion of *khalīfa* or vicegerent (see *Qur'an* 2:30) can be interpreted as a time-dependent being carrying certain moral responsibilities also concerning economic activities.

The aim of this paper is to analyse the conceptualisation of time in Islamic economic philosophy through some of the key ethico-economic terms in the *Qur'an* and intellectual history of Islam that correlate to the perception of human being as *khalīfa* or a time-induced being or vicegerent (Al-Qādī 1988). Since Western economic theories consider time as inter-dependent with money (as seen in the time value of money), in this paper I interrogate this proposition, and explore a reverse postulate—the underlying correlation between the concept of money and time in Islamic tradition. Given the importance of moral and cosmological considerations in economic activities in Islamic tradition, and the epistemological lacuna between Western and classical Islamic economic theories, the specific

1 *Fiqh* and *Shari'a* are inequivalent, for the latter is as divine law encapsulated in the *Qur'an*, while the first is the body law extracted from detailed Islamic sources, which are studied and interpreted by learned men as the principles of Islamic jurisprudence. With *Shari'a*, I refer in this article to the overall moral law and cosmology in Islamic tradition, and not only to the legal corpus.

research question this paper examines is as follows: “what is the nature of the concept of time in Islamic economic thought, and how does the notion of time determine economic activities in Islamic tradition?”

In this paper, I will—by introducing Izutsu’s conceptualisation of semantic analysis and by providing an overview of Islamic economic theories, including *Shari’a* as a moral paradigm—examine the specifics of classical economic thought in Islam in relation to the concept of time and money as interrelated categories. More specifically, this will be conducted by extrapolating some of the key terms and accounts on economic behaviour, money and deferred payments in the works of Abū Hāmid al-Ghazālī (d. 1111) and Ibn Taymiyya (d. 1328), for, among numerous other classical Muslim scholars, such as Abū Yūsuf (d. 798), al-Shaybānī (d. 804), al-Muḥāsibī (d. 857), Ibn Abī al-Dunyā (d. 894), al-Dimashqī (died in early twelfth century), Ibn Qayyim al-Jawziyya (d. 1350), Ibn Khaldūn (d. 1404), and al-Maqrīzī (d. 1441), they made seminal contributions to economic thought in Islam. Following classical Islamic scholarship, I will analyse contemporary scholars on Islamic economics, such as Rauf Azhar, Muhammad Fahim Khan, Muhammad Haneef, Hafas Furqani, and Ridha Saadallah, and their discussions on the time value of money, as well as other moral considerations concerning purchases, the utilisation of money and interest in Islam.

This paper is divided into three main parts, in addition to the introduction and conclusion. Part one discusses the life and works of Toshihiko Izutsu, as well as his theory of semantic analysis and ethical concepts in the *Qur’an*, which is a point of departure for discussing Islamic economic theories and the concepts of time and money. The second part analyses economic thought in Islam and *Shari’a* as a moral conception, while the third part investigates the applicability of ethico-economic concepts (e.g. money and time) in (classical) Islamic economic tradition in light of Izutsu’s theory. This is essential in reconditioning economic thought in Islamic tradition as primarily a moral endeavour that is not separated from the cosmological and metaphysical qualities of *Shari’a*, as well as linked to other fields of knowledge, such as systematic theology (*kalām*), philosophy, and law. I will turn to both primary and secondary literature—the primary literature consists of Toshihiko Izutsu’s works and classical Arabic texts of Muslim scholars who wrote on economic thought (as listed above), while the secondary literature includes contemporary scholarship on Islamic economics.

Toshihiko Izutsu and the Moral Premises of *khalīfa* as a Time-correlated Being

Toshihiko Izutsu was a Japanese scholar of Islamic philosophy and author of many books on Islam. He taught at the Institute of Cultural and Linguistic studies at

Keio University in Tokyo, The Imperial Iranian Academy of Philosophy in Tehran, and McGill University in Montreal (Izutsu 2008). Izutsu was familiar with *zen* meditation from an early age, which he acquired from his father. In 1958, he completed the first direct translation of the *Qur'an* from Arabic to Japanese, which is still renowned for its linguistic accuracy. Being fluent in more than a dozen languages, he was attracted by the contemporary thought of Ferdinand de Saussure, Roland Barthes, Jacques Lacan, and Derrida. He also developed an interest in philosophy and religion as a platform to establishing the common basis for comparison between various religious traditions. Izutsu explored “Oriental philosophies” and clarified their comprehensive structural framework by using comparative studies, philosophy, and linguistics (*ibid.*). Izutsu made three contributions that are deemed especially crucial to the study of comparative religion. First, he proposed and applied the methodology of semantics in interpreting philosophical texts. Second, he delineated the scheme of the basic structure of “Oriental” (East Asian) philosophy for the comparative study of religions, and third he undertook the study of the so-called “Oriental” (mystical) traditions (*ibid.* 1994 and 2007). His semantic analysis of the structure of the key-concepts of each philosophical system can be found in the work on Ibn ‘Arabī (d. 1240), Lao-Tzu and Chuang-Tzu (Izutsu 1983), and as well in *Ethico-religious Concepts in the Qur'an* (*ibid.* 2002). Both Sufism and Taoism contend that there is a five-layered structure of being. The first layer is called “an absolute Mystery” or “Zero-point of being”, which translates into the absolutely unknown-unknowable stage transcending all differentiation, articulation and limitation (*wujūd*, Mystery of Mysteries, Chaos).²

Key-terms of a Worldview

Izutsu believed that the so-called “Oriental” philosophy conceptualised by Arab and Persian scholars is also significant in Western intellectual history. According to Izutsu, unlike Western philosophy, Eastern philosophies have less of a historical uniformity. One of the key terms in Islamic thought is the (ultimate) reality of existence or *wujūd*, which became more widely recognizable with Ibn ‘Arabī (Ibn ‘Arabī 1946).³ Izutsu argues that the *Qur'an* is capable of being approached from a number of different angles, such as theological, philosophical, sociological, and

2 What Izutsu calls “Oriental philosophy” is a mystical philosophy interpreted as a conceptual expression of a mystical experience from the East. For more see e.g. Al-Daghistani (2014); Chittick (2007).

3 The Arabic word *wujūd* (from verb *wa-ja-da*) is translated as existence, presence, being, or substance. In Islamic philosophical and mystical tradition, it denotes a more profound meaning, depicting existence as a whole, as deriving from or being found by God.

grammatical, including the semantical. Izutsu focused on the semantic structure of the *Qur'an* (Izutsu 1964 and 2002). He defines semantics as “a science concerned with the phenomenon of meaning” (ibid. 1964, 1, 2), and an analytic study of the key-terms of a language in order to eventually arrive at a conceptual level to grasp the *Weltanschauung* or worldview. Central to Izutsu’s work is the view that principles of ethics or values are basically derived from different worldviews. Even though philosophical systems would agree upon a particular term within a worldview, how that worldview is materialized and what moral value it holds, differs among them. This is due to the semantic content of those ethical terms, which are formed in the midst of the “concrete reality of human life in society” (Haneef and Furqani 2009, 175), extending also to economic systems and worldviews. Therefore, every economic system, e.g., capitalism, socialism, as well as economic tradition in Islam, has a particular set of values, which are unique to the system that derives ethical categories from its worldview. These ethical principles are implicitly incorporated in the notions, concepts, assumptions, ideals and theories of economic conduct. In order to identify the specifics of economic thought in Islamic tradition and examine its foundational concepts, including the notion of time, Izutsu’s semantic theory of a worldview provides insights into the key ethical terms in Islam.

Ethical concepts, which are translated into the economic goals and social-realities of a society, are shaped by the particular worldview that underlies them. In Izutsu’s words, “a moral code is actually part of an ideology where each vocabulary, or connotative system, represents and embodies a particular worldview (*Weltanschauung*) which transforms the raw material of experience into a meaningful, ‘interpreted’ world” (Izutsu 2012, 12). Since *Qur'anic* concepts are closely interdependent and derive their concrete meanings precisely from the system of relations, Izutsu states that these concepts form among themselves various groups, connected with each other in several ways. Some of the focal words for Izutsu are *Allāh*, *Islām* (submission to God), *īmān* (faith), *kāfir* (unbeliever), *nabī* (prophet), *rasūl* (messenger), *wahy* (revelation), and *khalīfa* (vicegerent). He admits that a certain degree of arbitrariness in choosing the *Qur'an*’s keywords is unavoidable, yet, in his view, the items chosen appear to be central to the *Qur'anic* worldview.

For Haneef and Furqani, contemporary Muslim economists who analysed Izutsu’s work in light of Islamic economic thought, modern Islamic economics studies the behaviour of man and the related economic endeavours (Haneef and Furqani 2009, 182). The authors’ approach to Islamic economics is embedded in the Islamisation of knowledge process that was pioneered by contemporary Muslim scholars, such as Isma’il al-Faruqi and Muhammad Naquib al-Attas (Al-Faruqi 1982; al-Attas 1985). The proponents of the Islamisation of knowledge, including

various Muslim economists (Naqvi 1994), see the economic agent in Islamic economic thought as “*homo Islamicus*”, as someone who will rely on *Shari’a* in applying Islamic principles in economics (Haneef and Furqani 2009, 183). According to classical Islamic scholarship, human existence is due to man’s role as *khalifa* as time-dependent being, contingent upon the moral predicaments that arise in relation to economic behaviour. This indicates that the economic and moral transformation of man stems from both internal (inner) and external (outer) conditions. According to Haneef, in Islamic economics two types of relations are present: “the fundamental ‘vertical’ relation between God (the Creator) and man (the created), *Allah* and human being or *insan*, as well as the ‘horizontal’ man-man relationship” (Haneef and Furqani 2009, 183), which also determine and define the particular economic behaviour of man.

Two concepts that are specifically pertinent to an Islamic worldview that have special relevance for the study of economic activities are *khalifa* as vicegerent and ‘*abd*’ as servant or slave (Haneef and Furqani 2009, 183). The word *khalifa* itself translates as a “successor” or “vicegerent”, and it has been bestowed to mankind according to the *Qur’an*. In the *Qur’an* (2:30), it is stated that man has been made a *khalifa* on earth to ordain divine patterns, through which he is also granted free will to apply or reject ethically driven stipulations. This role is regarded by Muslim scholars as one that concerns the trusteeship through which man can establish a virtuous life.⁴ Such a role also gives people the capacity to act appropriately in the domain of economic-related activities. In this context, humans are considered as physical, intellectual, as well as spiritual beings (*Qur’an* 32:6-9; Rahman 2002, 190). A person’s role as *khalifa* cannot be perceived as merely a personal obligation, but is in fact a collective obligation of all mankind. In this respect, the *Qur’anic* worldview is essentially “theocentric”, which further presupposes that major concepts in the *Qur’an* are interrelated with cosmological concepts. According to Haneef and Furqani, it would not be possible to claim an ethical position as Islamic, without connecting the major terms and categories, including those pertaining to mundane activities, such as those concerning economic conduct. This strong connection between the notion of oneness or unity (*ta’w’hid*) and human ethics constitutes a dynamic relationship in the Islamic tradition, which cannot be found in the teachings of conventional economics. For al-Faruqi, the pioneer of the Islamisation of knowledge, *khalifa* is an agent, a mediator through which divine will is manifested through time and space (al-Faruqi 1989, 434), while for al-Attas man is an epitome of the cosmic constellation (al-Attas 1978, 68). For the proponents of the Islamisation of knowledge, applying the concept of *khalifa* in Islamic economics means placing divine will at the centre of all matters, from

4 See, for example, Fazlur Rahman 2002.

which *tawhīd* epistemology—centred on the oneness of God—develops. According to Izutsu, the *Qur'anic* “theocentric” worldview is maintained and reflected in the main ethical concepts that can also pertain to economic behaviour, whereby the utilisation of money, time factor, sales and purchases are related to the ethical categories of man as a time-consumed, finite being, who serves higher ends. An Islamic economics agent is thus one whose behaviour is prompted by the spirit and laws of the economic mechanism encapsulated in the values of the *Qur'an*.

In this respect, the role of *khalīfā* is in actuality part of a grand *raison d'être* of cosmological creation as a whole, encompassing man through the engagement of *'ibāda* as a wholesale realisation of and obligation to divine categories that also have significance for the mundane realm. All man's actions, including his economic activities, are viewed in this complete commitment to creation by following the moral framework of *Sharī'a*. The *dunyā* (the present world) is through the role of *khalīfā* related to the *ākhirā* (the after-world), whereby economic activities rely and are interdependent on the factor of time and its cosmological appropriation. This ontological position is for Izutsu in line with the epistemological consideration, whereby the nature of an Islamic agent is based on the ethics of the *Qur'an* (Haneef and Furqani 2009, 191). Such a consideration is for Haneef and Furqani missing in mainstream economics, in that human endeavours to achieve economic pursuits are based on the idea of maximising one's utility, and can potentially disregard the time factor as an ethical category.

The Nature of Islamic Economics and the Notion of *Sharī'a* therein

Contemporary Islamic economics, which was informed by the Islamisation of knowledge process as well as by Western economic theories, rests upon “*homo Islamicus*” as an ideal type of economic agent (Tripp 2006). It is often regarded as a field of study and a platform, which provides incentives to carry out ethically stipulated economic practices, including Islamic finance and banking. Despite various contemporary theories on Islamic economics and different approaches to its subject matter, there is no unitary understanding as to whether Islamic economics has a separate existence from Islamic legal, theological or moral considerations in Islamic tradition.

For various contemporary Muslim economists (Aydin 2013, 14), the main premises of Islamic economics are derived from the main sources of the *Qur'an* and *hadīth* (Tradition of the Prophet Muhammad), in addition to the endeavours of the *fuqahā'* (Muslim legal specialists and jurists) who elaborated on these two scriptural sources. The *fuqahā'* produced sophisticated writings on

jurisprudence and implemented them in the system today known as the Islamic law or jurisprudence.

According to some Muslim scholars (Khan 2002, 63–65), Islamic economics is aligned with the fundamental principles of *Shari‘a* as a legal institution. The legal methodology (and consequently the whole of contemporary Islamic economics) refers to *Shari‘a* not only as a divine immutable law, but as a prescribed framework as the substantive law or *fiqh*. Yet, *Shari‘a* as a “pathway to be followed” entails moral teachings of Islam, and it is understood to include both Islamic moral values and legal prescriptions. The implication is that *fiqh*, is expected to contribute to the welfare and public good (*maṣlaḥa*).⁵ This also includes the five prescriptions developed by classical Muslim scholars. Any human act falls under one of the following five types, and so can be considered as obligatory (*wājib* or *farḍ*), recommended (*mandūb*), reprehensible (*makrūh*), permissible (*mubāh*) or forbidden (*ḥarām*) (Reinhart 1983, 195). Kamali contends that while the first and last types of activities (*wājib* and *ḥarām*) have legal force, the remaining three fall in the domain of morals that cannot be adjudicated in courts (Kamali 2008, 47). When *Shari‘a*, for instance, proscribes usury or gambling, these become not only legal obligations but primarily moral precepts, since classical Islamic scholarship not only encompassed the moral underpinnings of *Shari‘a* (ibid., 49), but also did not distinguish the concept of the legal from the moral (Hallaq 2013).

The fact that contemporary Islamic economics is treated as a subcategory of Islamic law,⁶ is because “Islamic law” and “Islamic legal studies” are rather modern constructs (Hallaq 2013, 10 f) born out of the intellectual, legal, cultural and political contestations between the Europeans colonial power and their Muslim subjects, including Islamists’ re-appropriation of key Islamic concepts. Therefore, contemporary Islamic economics cannot be described in a simple formula of conventional economics coupled with basic Islamic tenants and ethical stipulations (including the institutions and mechanisms of *ribā* or interest, *zakāt* or tax payment, and *waqf* or religious endowment). For critics of Islamic economics (Kuran 2004), the corpus of this tradition is largely the result of applying Islamic legal methodology and apparatus⁷ to conventional secular economics in the process of carrying out the Islamisation of knowledge in the domain of economics. In order to reassess economic conduct in Islamic tradition as it was conceived in pre-modern times—before Islamic (legal) scholarship underwent systemic restructuring of

5 *Maṣlaḥa* as part of Islamic law has always been part of *fiqh* literature. *Maqāṣid al-Shari‘a* or objectives of Islamic law and *maṣlaḥa* or social utility are related concepts. For more see e.g. Ouda (2012).

6 For more on contemporary Muslim economists see e.g. Naqvi (1994) and Choudhury (1996, 366–81).

7 For Naqvi, this is encapsulated in Islamic ethics, whereas for Choudhury in the *tarwīd* epistemology (see Choudhury 1994, 475–503).

its intellectual makeup, including the sociology of knowledge—it is necessary to analyse key economic terms in light of Izutsu’s semantic theory.

Economic Thought, the Time Value of Money and Sales Transactions in Islam

Taking Haneef and Furqani’s method further in applying Izutsu’s semantic approach to classical Islamic scholarship would yield a specific methodology for how to approach economic tradition in Islam by investigating the key economic concepts and terms, which are interlinked with the moral substrate of a specific worldview. This also encompasses the conception of time and corresponding economic mechanisms.

The notion of time plays a significant role not only within Islamic philosophical and theological tradition, but specifically in relation to virtuous conduct and economic pursuits, and is often related to the theories of production, capital, money, labour, and deferred payment.

Classical Islamic Scholarship on Moral Economics

The time value of money is a well-known concept in Western economics that allows interest on loans (Khir 2013, 1). While money in conventional economics is understood as a commodity (Walras 1926), Islamic tradition and its economic institutions generated a very different narrative of money as a means to achieve higher ends.⁸ While in Western tradition the theory of general equilibrium by Walras constitutes the common ground for the development of modern economics (*ibid.*), the concept of time in Islam is bound to man as the vicegerent of God, seen as a time-dependent being that extrapolates morally driven behaviour in all domains, including economics, and thus this concept is related to interest and the utilisation of money. From this perspective, the time-money amalgam in classical Islamic economic thought is not equivalent to that seen in (neo)classical economic logic, whereby growth theory goes hand in hand with technological progress and factors of production, such as capital and labour. Since economic preservation has in Islam a moral and cosmological component, it ought not to be studied on its own terms but in conjunction with other fields of inquiry. Moreover, economic thought in Islamic tradition ought not to be considered as scientific only to fulfil the requirements of a positivist economic philosophy which claims objectivity,

8 For more on the moral economics in classical Islam see e.g. al-Ghazālī (1987).

and hence to appeal to its specifications, but should rather be investigated within its own tradition, considering the related legal, social, political, and above all, moral indicators.

In *sūra al-Baqara* (*Qur'an* 2:275) it is stated that God has allowed sales and forbidden *ribā* or (excessive) interest,⁹ in which the time factor plays a key role. Rauf Azhar notes that there were many variations of the term *ribā* existing simultaneously, indicating that *fiqh* scholars interpreted the concept in various ways, although none of these variations appeared in the time of the Prophet. The number of *ribā* terms that appear in the *fiqh* literature

is quite understandable in view of the differences between the perspective of the *Qur'an* and that of the *ḥadīth* literature on the subject. At the fundamental level, there is the so-called *Qur'ānic ribā*, which was originally known as *ribā al-jāhiliyya* (pre-Islamic *ribā*), and then there is what has been called *ribā al-ḥadīth*. This latter variety is given several names depending partly on the nature of transaction for which it is being defined, and partly upon the individual likings of the different *fiqh* scholars. (Azhar 2009, 281)

This also includes *ribā al-faḍl* (on barter transactions), *ribā al-buyū'* (on barter transactions), *ribā al-dayn* or *duyūn* (transactions with debt, and *ribā al-nasī'a* (on barter transactions on a deferred payment basis). Despite the different understanding of the *ribā* by early (and contemporary) Muslim scholars, there is a general understanding that any increase in the basic loan in an exchange for deferred payment is perceived as illicit (Saadallah 1994, 81), and makes it instead a component of the price itself. The time value of money also has a legal premise, stipulating the primary and auxiliary payment: If “things may be excused in the secondary that are not excused in the primary” (Al-Suyuti in Khir 2013, 9), indicating that a difference exists between an increment on deferred payment of a loan (*qard*), as well as an increment on a deferred payment in a deferred sale (*bay' mua'jjal*). Any commodity can be exchanged for money, yet in order to prevent misuse of an exchanged commodity simply to earn more money, certain ethical and legal parameters apply. Since money on its own cannot be used to fulfil human endeavours, it can be utilised only to advance human conditions (as *maṣlaḥa*).

Classical Islamic jurists discussed the time value of money as a deferred period in a loan (*al-qard hal 'ām mu'ajjal*). Various classical scholars defended the superiority of the present to the future consumption of money and purchases of commodities.

9 “God has permitted sale and prohibited usury” (*Qur'an* 2:275).

For instance, al-Sarakhsi stated that a buyer and seller should make an oath before conducting business due to its relation to the value of the price of a commodity. For classical Islamic scholars, (excessive) interest was viewed as an ill-use of money, since money was invented as a medium for the exchange of goods, and in order to monitor the value of commodities, yet with the activity of lending money it became a source of mistreatment and misappropriation (Islahi 2014, 52).

In accordance with *Shari'ā's* moral imperatives, al-Ghazālī also analysed three elements of trade—agreements between buyer and seller, the commodities in the transaction, and the content of the agreement. The seller should not sell a commodity to a person who is either a minor, mentally ill, a slave, blind or to someone who makes illicit gains (al-Ghazālī n.d., 2: 64–65; al-Ghazālī 2001, 471), for this clearly undermines the ethical rulings of fair economic conduct due to the exploitation of the subjects involved on the basis of illicit appropriation. Similarly, one should not perform trade activities with the following individuals for obvious reasons pertaining to their lack of moral predisposition, unless dealings with them do not imply a violation of licit means of obtaining gain: a tyrant, a usurer, a person who provides false accounts/statements, a thief, a person who indulges in bribery and corruption or a person of doubtful character (ibid. 2001, 472). For al-Ghazālī, there should be no fraud in weights of quantities in determining the price of a commodity, since complete decency and honesty are to be expected. Even though he sees man as predisposed to temptation and illicit activities, no fraud should take place in the pricing of commodities and the correct price ought to be disclosed (ibid., 356). The principle of justice must be facilitated; therefore, if a buyer offers a higher price than that on the market, the seller ought not to accept it, since an excess of profit might occur, even though the excessive price in itself is not an unjust deed (ibid. n.d., 2: 79). Al-Ghazālī upholds that *iḥsān* has to be practiced in the market, namely “doing something extra for another beyond the material benefits, though that extra is not an obligation, but merely an act of generosity” (Ghazanfar and Islahi 1997, 22). According to Ghazanfar, al-Ghazālī indicated the correlation between market and price correctly when stating that the farmer sells his product at a low price due to the problem of not having enough buyers. Furthermore, he suggests that the seller, out of benevolence, should not accept a high profit on a particular product just because the buyer is anxious to purchase it. The limit of the profit is not clearly stated by al-Ghazālī; nevertheless, given the role of benevolence and the overall injunction of *Shari'ā*, the rate should not exceed 5–10% of the price of a good (ibid. 1997).

Ibn Taymiyyah also analysed an exploitative nature of money, and concluded that the distinction between interest on consumption loans and production loans should not be applied, whereby the imaginary time value of money is regarded as illicit.

The possibility of the lender investing his money and earning profit is a matter of conjecture; it may or may not materialize. To exact a higher amount over and above the sum lent, on that conjectural basis is a kind of injustice and exploitation. (Ibn Taymiyyah and al-Razi in Islahi 2005, 52)

The opposite of this is a profit and loss-sharing endeavour, where the former is to be shared with a ratio determined in advance before the agreement between the involved parties, and in case of loss, the owner of the capital bears the loss whilst the other party bears the loss of the invested labour. (Ibn Taymiyyah in Islahi 2005, 52.) Barter exchange with commodities which differ in quantity and in the time of delivery are called *riba'l-fadl* and *riba'l-nasi'ah*, and according to Islamic scholars such exchanges contain interest and are thus forbidden.¹⁰ The only time a seller can be coerced into an exchange of commodities is when he has to sell his goods at the price of the equivalent, only to protect the interests of other sellers (Ibn Taymiyya 1976, 190).

As indicated in classical Islamic scholarship, markets ought neither to function freely, nor according to prices set in advance; instead, benevolence should be exercised in the market through the advertisement of a product's fair price (ibid. 1963). Following this reasoning, no excessive profit made from a buyer by the seller can be justified as legally acquired, which is why exercising leniency is to be upheld when purchasing from a poor seller. Moreover, the possibility of cancelling an agreement or the flexible repayment of debts are at one's disposal, as well as fair repayments of debt. The extension of credit or deferred payment when selling to the poor is possible, whilst refusing the debt held by a poor buyer in cases when he cannot afford to pay it back is considered licit. In connection with exchanges and purchases, handing over a commodity in advance without demanding the payment is lawful, if deemed necessary.

Contemporary Muslim Scholars' Views on the Time Value of Money

Contemporary Islamic economics and finance has been critiqued as being a subsidiary operational field of Islamic law, and a hybrid economic system, combining conventional economic postulates with fundamental Islamic tenants (Kuran 2004; Tripp 2006; Al-Daghistani 2016). Islamic banking as its principal end-product

10 This prohibition is based upon the following tradition: "I heard Allah's Messenger (*ṣallā llāhu 'alayhi wasallam*) forbidding the sale of gold by gold, and silver by silver, and wheat by wheat, and barley by barley, and dates by dates, and salt by salt, except like for like and equal for equal. So he who made an addition or who accepted an addition (committed the sin of taking) interest", Sahih Muslim, 2005, No. 3852.

has also been subjected to various analysis by the opponents and proponents of its methodology. Nonetheless, certain concepts and terms that have been used by contemporary Muslim economists are linked to the fundamental understanding of an Islamic worldview. This also has bearings for the perception of money and time in Islamic economic scholarship.

The idea behind the time value of money is that money is worth more at times when transactions take place, rather than at any given point in the (near) future. As such, an important element is the so-called theory of positive time preference, coined by Austrian economist Eugene Von Bohm-Bawerk (d. 1914), denoting that a good has higher exchange value at the time of sale or purchase compared to in the (near) future, and thus a higher exchange value as well as price (Khir 2013, 4). According to Muslim scholars' interpretation of money, wealth and man's well-being, *Shari'a* lays out the rules with regard to sales transactions and regulates the time value of money. Contemporary Muslim scholars assert that the time value of money is regarded as licit in Islam, yet it is distinguishable from the conventional perspective in that the former advocates "a different price in a cash sale as opposed to a credit sale" (ibid., 2). The question is, however, whether the Islamic rejection of interest on loans is equal to and precludes the mechanism of time value of money. For Muhammad Fahim Khan, a positive time preference is accepted in Islam "as long as no fixed and predetermined time value is assigned to money" (ibid.). Some Muslim ideologues and scholars, such as Mawdūdī (1903–1979) and Fazlur Rahman (1919–1988), as well as other contemporary Muslim economists, have opposed the time value of money concept, since in their view it adds interest to loans. For Mawdūdī, however, the distinction between past and future purchases is void (Mawdūdī 2011, 81–86). Muhammad Fahim Khan takes a similar position, since for him the claim that the theory of positive time preference does not necessarily presuppose an interest-based activity is illogical, and should thus not be observed (Khan 1991, 35–45). By avoiding positive time preference, as long as there is no predetermined value of money, one can eliminate interest in economic activities.

According to Saadallah, a contemporary Muslim economist, in light of Islamic law, the dual perception of time is operative in financial transactions. The time factor plays an important role in sales and loans. A sales transaction is introduced to the concept of time if either of its two components, commodity and price, are deferred (Saadallah 1994, 85). Deferral in sales is licit in Islamic tradition, yet it cannot take place if both commodity and price are being deferred at the same time (ibid.). Moreover, gold and silver are not to be exchanged for credit, but gold should instead be exchanged only for gold and silver for silver. Muslim scholars have theorised that trading on credit is illicit since gold and silver are (like money)

only a medium of exchange, whereas Hanafi scholars claim that the ban is due to the weight difference (*ibid.*).¹¹

Further, a sale with a higher price might not be considered as interest (*ribā*), even if a sale on credit might be higher than when the payment is made on the spot, and the time factor is not regarded as separate from the sale of the commodity while being deferred (*ibid.*, 89). On the other hand, the increase with deferred payment involves an estimation of a price by the seller and the buyer. Despite the fact that arguments for and against deferred sale exist throughout the spectrum of Islamic law, classical economic thought in Islamic tradition stipulates moral considerations when utilising money and operating with time-sensitive agreements and commodities.

Concluding Remarks

Toshihiko Izutsu's writing on Islamic scholarship and the *Qur'an* are significant in critically assessing and further developing the moral foundations of some of the key economic and ethical terms, linked to the Islamic *Weltanschauung*. By focusing on the semantic analysis of those ethico-economic terms, this paper outlines the epistemological considerations of concepts such as time, money, and *khalifa* within classical and contemporary Islamic economic philosophy. Izutsu's semantic analysis is therefore pertinent to the theoretical application of such concepts and their meaning to the subject of Islamic intellectual history in general, and in the field of Islamic economics in particular.

Mainstream economics derives its ethics based on a particular liberal worldview that is tied to a materialistic perception of reality, which further eliminates moral and spiritual perspectives of economic philosophy. The Western neoclassical economic idea of treating money as a commodity (which often portrays time as money) indicates the importance of time only in relation to economic endeavours and financial gains, and hence differs from the Islamic perception of time, which corresponds to economic activities as part of the overall moral considerations that arise in relation to time. In this aspect, classical Islamic economic thought derived ethical stipulations from an Islamic worldview through the primary sources of

11 Similar ideas can be observed in al-Ghazālī: "Creation of dirhams and dinars is one of the bounties of Allah. The entire world of economic activities is based on transactions with these two kinds of money. They are two metals, with no benefits in themselves. However, people need them, in order to exchange them for different things—food, clothing, and other goods. Sometimes a person needs what he does not own and he owns what he does not need." Al-Ghazālī argued that usury can occur in two forms. It can occur in an exchange of the same commodity, e.g. gold for gold, i.e. product for product, but with a difference in quantity and in time of delivery.

Islam and its intellectual tradition, whereby its key concepts, such as *khalīfa*, *ribā*, *maṣlaḥa*, *‘adl* and others, constitute its very foundations. On the other hand, contemporary Islamic economic discourse is informed by both Islamic and Western theoretical postulates, exposing its epistemic hybridity. However, the majority of Muslim scholars hold that deferred payments are lawful under certain conditions, and interest-free exchanges in Islamic economics are addressed in balance with the social interest, and therefore in accordance with the injunctions of Islamic moral precepts which see money as only a medium of exchange and as a means to achieve higher ends.

From such a perspective, an Islamic economic worldview is in its polyvalence perceived as comprehensive and all-encompassing conceptualisation, as it does not dichotomise the *is* from *ought*, divine from mundane, secular from spiritual, and *‘ilm* (knowledge) from *‘amal* (deed). Classical Islamic economic scholarship asserts that the factor of time in economics is closely related to overall cosmological proportions, and is thus, in essence, a moral category.

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