

Moral Economy and Finance: Towards an Islamic Way to Capitalism?

Daniele Atzori

Senior Researcher

FEEM – Durham University

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Islam and Modernity



➤ The dialectical relationship between *Islam* and *modernity* can be exemplified through the discourse analysis of social practices:

❑ “Islamic fashion”

<http://www.aquila-asia.com/>

❑ “Islamic pop music”

<http://www.youtube.com/watch?v=B5GpBG-k9tk>

Multiple Modernities

- Are Islamic fashion and Islamic pop music “modern”?
- Are we witnessing a process of modernisation of Islam or of Islamisation of modernity?
- These social practices cannot be considered “traditional”, nevertheless they refer to a concept of modernity which does not coincide with our (Western) worldview
- Social and economic practices reveal the possibility of multiple modernities

The Social Construction of an Islamic Modernity

- Both Islamic fashion and Islamic pop music reveal the engagement of contemporary Muslims with the Western concept of modernity
- The market (the economic sphere) becomes the *locus* in which we can observe a process of social construction of a distinctive “Islamic Modernity”
- In this respect, Islamic economics and Islamic finance represent the attempt of constructing an Islamic way to capitalism

Islamic Economics

- Early theorists of Islamic economics aspired to promote a moral reform of the economic system consistent with Islamic tenets
- Islamic economics has been constructed as the banner of the deprived classes (emphasis on social justice) but also of the Islamic private sector (emphasis on free market)
- Islamic economics represents the needs, aspirations and frustration of contemporary social strata

Constructing the *Homo Islamicus*

Islamic economics claims to promote a paradigm shift from the notion of *homo oeconomicus* (maximisation of profit) to *homo islamicus* (maximisation of social well-being)

The Commodification of Islam?

- One of the (paradoxical) outcomes of the Islamisation of the economic sphere is that Islam itself risks to become a commodity;
- Islamising a product is not merely an ethical choice, but a wise market strategy: Islam “sells”

Islamic Finance and the Financial Crisis

- Several Muslim economists consider the financial crisis as a vindication of the validity of the Islamic paradigm
- The crisis has been seen as a chance for Islamic economics to show its potential in reforming the global economy, and for Islamic finance to seize a large market share

Conclusion

- Islamic economics proposes a moral and social reform of the economic system
- On the other hand, Islamic finance is deeply embedded in the global economy and seems to be affected by the very same flaws (risky investments, transparency and accountability issues) of conventional finance
- The Islamic way to capitalism is characterised by an ongoing tension between authenticity and integration

Questions & Answers

daniele.atzori@feem.it