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## **Economics and Islam: Interdisciplinary Insights**

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# Economics and Islam: Interdisciplinary Insights

## Abstract

This conceptual paper takes an interdisciplinary approach to integrate certain fundamental assumptions of Economics and Islam in order to obtain novel and holistic insights about humanity and its experience with religion. We find that certain implications which naturally flow from the most fundamental assumptions of Economics are consistent with Islamic thought. When assumptions of Economics and concepts of Islam are used as premises of a deductive reasoning process, we can make certain interesting deductions or predictions about the future of religion as well as obtain novel, holistic insights. We also check whether these insights are consistent with the existing literature or not.

## **INTRODUCTION**

This paper is centered on the interdisciplinary approach which draws on different disciplines in order to obtain a more holistic and comprehensive perspective. Particularly, we review and revisit certain fundamental assumptions of Economics and Islam in order to obtain new and holistic insights. Alfred Marshall argues that economics is a study of mankind (Marshall, 1920) and according to the Qur'an, the main religious text of Islam, Islam is the final and perfected God-given system of life for mankind. Here, we use an interdisciplinary approach to explore and harmonize the links between the two disciplines in order to obtain a holistic understanding of the human condition.

Tirole (2019) argues that every scientific discipline, such as Economics, rests on assumptions and particularly in social sciences these assumptions influence our vision of society. On the other hand, Islam provides a particular worldview as well, and since it is the fastest growing religion in the world (Lipka and Hackett, 2017), it is important understand its vision in relation to other disciplines such as Economics. In this paper, we review certain fundamental assumptions of economics separately and in conjunction with concepts of Islam, explore their connection to each other and try to obtain novel insights and a holistic worldview. We also check whether these new insights are consistent with existing literature.

## **METHODOLOGY**

This paper is based on the interdisciplinary approach which according to (Choi & Pak, 2006, p. 351): “analyzes, synthesizes and harmonizes links between disciplines into a coordinated and coherent whole”. To explain this approach Rick Szostak (2015) quotes Julie T. Klein and William

H. Newell as follows: “[It] draws on disciplinary perspectives and integrates their insights through construction of a more comprehensive perspective”. This paper follows this approach and links concepts from Economics to that of Islam with the aim of obtaining a broader, holistic perspective and understanding of the collective human experience.

More precisely, in order to obtain new and holistic insights from the two disciplines, we have applied deductive reasoning. Deductive reasoning, considered a high form of human reasoning, is a process where conclusions are derived from the given information (premises) and there is no need to validate them through experiments (Ayalon & Even, 2008).

The specific form of deductive reasoning we have applied here is called modus ponens an example of which is when  $A$  and  $B$  together implies  $D$  ( $A, B \rightarrow D$ ). In our study,  $A$  represents a fundamental assumption of Economics or Islam,  $B$  represents another assumption or concept of Economics or Islam, and  $C$  is the resulting implication or deduction or prediction. After obtaining these deductions, we check whether these deductions are consistent with existing research and/or theories.

To the best of our knowledge, such a study, integrating knowledge from Economics and Islam in order to obtain a comprehensive and holistic worldview, has not been carried out before. Hence, this article can fill a potential gap in the literature and provide some fresh food for thought.

## **FINDINGS AND DISCUSSIONS**

### **Infiniteness versus Finiteness**

In economic theory it is assumed that the human want for utility, the happiness or satisfaction obtained from the consumption of goods and services, is infinite or unlimited or endless (Arnold, 2008). However, if we assume that the utility obtained from any particular good or service is finite, then this implies that the infinite human want cannot be satisfied by consumption of material goods alone. To understand this argument, let us note that infinite want implies that human want is endless and endless human want means that after consuming products 1, 2, 3 the consumer would want to consume more goods or services. This implies that 1, 2, 3 gave the consumer finite utility (or satisfaction) and could not satisfy his/her infinite want. This in turn implies that every material good or a set of material goods and services {1, 2, 3} provides a finite amount of utility. Otherwise, the infinite and endless want would not exist.

The deductive reasoning process is as follows:

*A*: Human want is infinite

*B*: Material goods and services provide a finite amount of utility

Therefore,  $A, B \rightarrow$  Consumption of material goods and services cannot satisfy the infinite human want of individuals.

Interestingly, at a given point in time, the total number of goods and services on the planet is finite as well.

Let us assume, *A*: There are a finite amount of material goods and services on this planet

and  $B$ : Each good gives a finite amount of utility.

$A, B \rightarrow$  the total utility obtained from the consumption of all goods and services is a finite amount.

This is because the sum of a finite series of finite numbers will result in a finite number as well.

Let us assume,  $C$ : total utility obtained from the consumption of all goods and services is a finite amount and  $D$ : Individual human want is infinite.

$C, D \rightarrow$  consumption of material goods and services alone cannot satisfy the infinite human want

In other words, if we were to give all the goods on this planet to one particular individual, even then her or his infinite want would remain unsatisfied and the individual would not be truly happy.

In other words, the individual will keep on wanting more goods and services.

Interestingly, the above implication, which naturally flows from the fundamental assumptions of Economics, is consistent with the following saying of Prophet Muhammad: "If the son of Adam had a valley full of gold, he would want to have two valleys" (Bukhari 6439). The saying implies that consumption of material goods alone cannot satisfy the infinite want of a human being. Ibn Qayyim and Ibn Arabi, the famous Islamic scholars, also argued the same; the latter compared the desires of this world with the seawater and said, "The more we drink, the thirstier we become!" and the former compared the life of this world with an unchaste person who is not satisfied with one partner (Al-Fawaid, 2004).

Both Economic theory and Islamic philosophy, the former implicitly and the latter explicitly, are indicating that consumption of material goods alone cannot satisfy the infinite human want.

According to Islam, only God and/or submission to God can provide an individual with true

happiness or satisfaction. For example, in the Quran it is mentioned, "...the hearts find rest (only) with the remembrance of Allah (God)" (Shafi 1964, 212). An analysis of the linguistic roots of the word Islam implies that "by submitting one's will to the will of God one can find true inner peace" (Malik, Sheikh & Razaqi 2012, 443). Ibn Qayyim also mentions that, "By inclining towards God a heart can find true peace and happiness" (Al-Fawa'id 2004, p. 71). Therefore, according to Islam, belief in God and/or submission to God can ultimately lead to the fulfillment of the infinite human want which material goods alone cannot do.

Now, as outlined in the methodology above, we look at existing literature to see whether this new insight is consistent with it. Sahraian et al. (2013), Francis et al. (2016), Mansour et al. (2011) has found that practicing Islam has a significant positive association with higher levels of personal happiness which is consistent with our findings above. Frey (2018) also found a positive correlation between practicing Christianity and happiness and notes the following: "Researchers have established a positive relationship between faith and subjective well-being: believing in God has a positive impact on global happiness, life satisfaction, life excitement, and marital happiness. Religious people also suffer from fewer negative psychological consequences of traumatic life events. It has even been found that no other factor influences life satisfaction more than does religious belief". Although some studies have found no significant association between happiness and religion, none of them are based on the Islamic faith. Interestingly, in our literature review, we found all studies conducted on the association between Islam and happiness have found that Islam and happiness have a positive significant association.

### **The Future of Religion**

Another fundamental assumption of Economic theory is that individuals seek to maximize utility (Arnold, 2008) which means that individuals want to obtain the highest level of happiness and life

satisfaction from their given time on earth. Now, let us consider the following as the premise of deductive reasoning process:

A: individuals want to obtain the highest level of happiness and life satisfaction using the available resources. In other words, individuals want to maximize utility.

B: material goods alone cannot satisfy the infinite humans

C: The concept of God or submitting to God alone can lead to true happiness (i.e., higher levels of utility)

A, B, C  $\rightarrow$  D: individuals will eventually gravitate towards God and/or spirituality in the long run.

Explanation: Since consumption of material goods alone cannot satisfy the infinite human want, individuals will gravitate towards God, religion and/or spirituality.

This can explain why many individuals and societies gravitate towards the concept of God and/or some form of spirituality in the long-run, for example, Lipka and Gecewiz (2017) reports that spirituality is rising in the USA and Sherwood (2018) reports that in most regions of the world religion is on the rise. These findings are consistent with the insight/prediction under discussion.

Interestingly, we can also predict from the above discussion that individuals will tend to gravitate towards God and/or religion later in life. The rationale behind the prediction is as follows: after the consumption of a significant amount of material goods, an individual realizes that material goods cannot truly satisfy or make her or him happy and thus the person gravitates towards God, religion and/or spirituality later in life. Existing literature is consistent with this prediction. For example, Argue, David R. Johnson and Lynn K. White (1999, p. 423) found that there is “a significant, non-linear increase in religiosity with age”. Clark et al. (2003) also found that older

people tend to be more religious. The interdisciplinary insights obtained from Economics and Islam can explain why age and religiosity have a positive relation.

According to the interdisciplinary insight of Economics and Islam obtained from the deductive reasoning above, God and/or spirituality will continue to play a significant role in human societies in the long-run and will not disappear since people sooner or later, individually and/or collectively, will gravitate towards God once they realize that consumption of material goods alone cannot satisfy the infinite want; in fact, according to this interdisciplinary insight, religious and/or spiritual ways of life, rather than hedonism and/or materialism, should eventually become the dominant way of life. Interestingly, the same is prophesized in the following verse of the Quran: “He (God) it is Who sent His Messenger with guidance and the religion of truth, that He might cause it to prevail over all religions (ways of life)... (Ch 48, V 28).” It should be noted that the Arabic word for religion also means a way/system of life.

Interestingly, the above-mentioned prediction of the Quran is consistent with the reality that is unfolding in some countries. For example, in Norway, UK, Japan and among certain ethnicities in USA the number of people converting to Islam has been rising. It is evident that conversion to Islam is on the rise in many regions of the globe which lends support to the Qur’anic prophecy that Islam will prevail over all other ways of life in the long-run. However, a few reports argue that many people in India and USA are also leaving Islam which is inconsistent with our prediction and the Qur’anic prophecy.

Another verse from the Quran: “Corruption or evil has spread over the land and the sea because of human deeds and through these God will cause some people to suffer so that perhaps they will return to Him” (Ch 30, V 41) can explain how the actual movement of individuals and societies towards God and / or religion might eventually take place. As already implied in the discussions

above, individuals will keep on wanting more material goods as long as the infinite want remain unsatisfied. The excessive production and consumption of goods and services to satiate the endless human wants is having and will have an adverse effect on individuals, societies and the environment which can eventually bring individuals, societies back towards God. Interestingly, Iqbal (2021) and Bentzen (2020) also argue that calamities, such as the COVID-19 pandemic, can cause communities to turn towards God, spirituality and/or religion.

The adverse effects on the environment and human societies due to the excessive production and consumption of material goods driven by infinite human want includes: global warming, pollution of lands and seas, deforestation, extinction and endangerment of species, consumption of dangerous recreational drugs, etc. It is evident that many of the problems and challenges that humanity faces in the twenty-first century can be linked to excessive materialism – the infinite want remaining unsatisfied. Even wars and violent military coups can be thought of as a by-product of excessive greed for power and control. Therefore, probably a root cause of humanity's major problems is the infinite want remaining unsatisfied which perhaps can only be truly satisfied by an infinite God, spirituality, religion, etc. Hence, the Quran, in chapter 95, argues that without faith in God, humanity will be reduced to the lowest of the low.

However, if the infinite human want becomes satisfied, and humanity's want for excessive material goods is somewhat satiated, then it can cure and/or mitigate many of the world's problems. The Qur'an argues that by submitting to God's guidance individuals and communities can find true peace and contentment. Hence, problems associated with humanity's' excessive greed for material goods can be minimized if people and communities as a whole become more content and less materialistic.

## **CONCLUSION**

Excessive human greed (the infinite want in Economics) remaining unsatisfied, undoubtedly, damages and hurts this planet and everything upon it. Perhaps, this is the reason why God in His infinite wisdom has redirected the hopes and longings of human beings to the eternal next life through prophets, messengers and religious scriptures in all the Abrahamic faiths. Also, as discussed in this article, the infinite human want which cannot be satisfied by the consumption of material goods alone can cause human beings to gravitate towards God in the long-run. Hence, the infinite human want also has a positive purpose in the grand scheme. However, the infinite human want remaining unsatisfied can cause harm and damage to this planet through overconsumption, overproduction and unsustainable use of the planet's resources. According to Islam, submitting oneself to God can help us achieve, individually and collectively, true peace and contentment which in turn can mitigate the problems connected with excessive human greed.

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