

RECONSIDERING ECONOMIC THEORY IN ISLAM: VALUE, CAPITALISM, AND MODERNITY

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Theoretical studies of the Islamic economic system, which refers to a set of various economic activities based on the doctrine of Islam, can roughly be classified into two types. One defines the system as a form of capitalism, and identifies elements of modern capitalism that are lacking. The other considers the Islamic economic system as an original theoretical world that differs from capitalism completely.

Beginning in the 1970s, Islamic finance expanded globally, so Islamic features have been developed in the systematized financial system that is the mainstay of capitalism. Therefore, contemporary Islamic finance clearly differs from the two types of research mentioned above: the first type of research was built on the background of the economic system in the pre-modern Islamic world, while the second considered the closed economic system of the Muslim community. To summarize, the modern Islamic economic system approaches modern capitalism synchronically, while emphasizing how the Islamic approach differs from modern capitalism.

In my presentation, I focus on the principle of transactions in contemporary Islamic finance as a modern form of the Islamic economic system. Using David Graeber's framework of "Value," I try to show similarities between transactions in the economic system in the pre-modern Islamic world and those in the closed economic system in the Muslim community. Simultaneously, based on these considerations, I present an introductory investigation from the perspective of economics to determine the saddle point that separates the Islamic economic system and capitalism.

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