

KOMENTAR/COMMENTARY

Imam al-Ghazali's Epistemology and Economic Thought

Epistemologi dan Pemikiran Ekonomi Imam al-Ghazali

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ABSTRACT

The thought of Imam Abu Hamid al-Ghazali, read as a unified opus rather than as a set of discrete texts, discloses an ethical-epistemological system in which knowledge is neither an instrument of utility alone nor a purely speculative pursuit, but a transformative endeavour bound to practice. The very notion of *ilm* presupposes *amal*: knowledge without its enactment is futile. Three ascending levels of knowledge, sensory, rational, and intuitive, structure the human vocation, and the classical division between *ilm al-mu'amala* and *ilm al-mukashafa* integrates worldly conduct with the unveiling of divine realities. This commentary reconstructs al-Ghazali's epistemology and traces its economic implications: a teleological ontology that binds *dunya* to *akhira*, an ethical self for whom wealth is a liability to the community, and a set of concrete prohibitions on hoarding, illicit transactions, and the abuse of the just price. The discussion then turns to the shortcomings of modern Islamic economics, which has tapped into the terminology of neoclassical economics while neglecting the intellectual and conceptual resources of the Islamic tradition itself. The way forward lies in the decoloniality of Islamic economic thought, the recovery of classical concepts such as *kasb* and *zuhd* on their own terms, and the reintegration of ethics, economy, and environment that respects the interconnectedness al-Ghazali assessed. Malaysia's position at the frontier of Islamic finance places particular responsibility on Malaysian scholars and institutions in this reconstructive labour.

KEYWORDS:

Imam al-Ghazali, Islamic epistemology, Ethical economic thought, Decoloniality, Islamic finance

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ABSTRAK

Pemikiran Imam Abu Hamid al-Ghazali, apabila dibaca sebagai suatu himpunan karya yang bersepadu dan bukannya sebagai teks-teks yang berasingan, mendedahkan suatu sistem epistemologi beretika di mana ilmu bukanlah semata-mata alat utiliti mahupun usaha spekulatif yang murni, melainkan suatu usaha transformatif yang terikat dengan amalan. Konsep ilmu itu sendiri mengandaikan amal: ilmu tanpa pelaksanaan adalah sia-sia. Tiga peringkat ilmu yang mempunyai tingkatan, iaitu ilmu inderawi, ilmu akli, dan ilmu intuitif, membentuk kerangka panggilan insan, manakala pembahagian klasik antara ilmu al-mu'amalah dan ilmu al-mukashafah menyatupadukan tatatertib duniawi dengan penyingkapan hakikat ketuhanan. Komentari ini menyusun semula epistemologi al-Ghazali dan menjejaki implikasi ekonominya: suatu ontologi teleologi yang mengikat dunia dengan akhirat, satu diri beretika yang menganggap kekayaan sebagai tanggungjawab terhadap masyarakat, serta sehimpunan larangan konkrit terhadap penimbunan, urusan niaga tidak sah, dan penyalahgunaan konsep harga adil. Perbincangan seterusnya beralih kepada kelemahan pemikiran ekonomi Islam moden, yang telah meminjam istilah ekonomi neoklasik sambil mengabaikan sumber intelektual dan konseptual daripada tradisi Islam itu sendiri. Jalan ke hadapan terletak pada dekolonialiti pemikiran ekonomi Islam, pada pemulihan konsep-konsep klasik seperti kasb dan zuhd menurut istilah tradisi itu sendiri, serta pada penyatuan semula etika, ekonomi, dan alam sekitar yang menghormati kesalinghubungan yang telah diandaikan oleh al-Ghazali. Kedudukan Malaysia di barisan hadapan kewangan Islam meletakkan tanggungjawab khusus ke atas para sarjana dan institusi di

KATA KUNCI:

Imam al-Ghazali, Epistemologi Islam, Pemikiran ekonomi beretika, Dekolonialiti, Kewangan Islam

1.0 Introduction

Abu Hamid al-Ghazali stands among the towering figures of the Islamic intellectual tradition, a scholar who navigated deftly across law, theology, philosophy, and Sufism, refusing at every step to accept these disciplines as sealed off from one another. To read him faithfully requires reading him through the lens of heterogeneity: the recognition that his work presupposes an underlying unity across fields that later ages have chosen to keep apart. There is, in al-Ghazali's vision, no law without Sufism and no philosophy without theology; the fields are intertwined by design. This unity emerges nowhere more clearly than in *Ihya Ulum al-Din*, the Revival of the Religious Sciences, which I read not as a devotional handbook but as the presentation of a whole epistemological system, an ethical epistemological system, of how a human being ought to conduct oneself in the world.

This commentary reconstructs that system and traces its economic implications. The reconstruction proceeds in three movements. The first attends to the structure of al-Ghazali's epistemology: the transformative character of knowledge, the essential interplay between *ilm* and *amal*, the three ascending levels of knowing, and the classical division between knowledge of transaction and knowledge of unveiling. The second reads his economic thought as an extension of this epistemology: a teleological ontology that binds the world to the hereafter, an ethical self for whom wealth is a liability, and a set of concrete prohibitions on hoarding and illicit transactions. The third turns to the present, examining the shortcomings of modern Islamic economics, the value that a serious return to al-Ghazali might yet offer, and the framework of decoloniality within which any genuine Islamic economic project must be theorised. Malaysia, uniquely positioned at the frontier of contemporary Islamic finance, bears particular responsibility in this reconstructive labour.

2.0 The Structure of al-Ghazali's Epistemology

2.1 *Knowledge as a transformative endeavour*

For al-Ghazali, the very notion of knowledge is transformative. Knowledge is not merely something to be obtained for its sake, still less a decorative possession or a professional credential. On one hand, there is an undeniable utility dimension: knowledge is required to explain the natural phenomena of the world and to navigate its material conditions. But on the other hand, and this is the deeper point, knowledge is much more important than its utility. Knowledge transforms human beings. It makes them, if the phrase may be permitted, better. This transformative quality is what distinguishes al-Ghazali's conception of *ilm* from the desiccated, instrumentalised knowledge of the modern academy, in which one may hold a doctorate in the sciences of religion and remain entirely untouched by what one has studied.

The consequence is that the very term *ilm*, whether we translate it as knowledge or as science, presupposes *amal*, informed practice. Knowledge without its usage is futile. If knowledge is not put into practice, it serves no purpose. The interplay, the connection, the interlink between *ilm* and *amal* is of key importance in al-Ghazali's thought, and it comes to the forefront across the ten books of the *Ihya*. To possess *ilm* without *amal* is to hold something inert; to attempt *amal* without *ilm* is to act blindly. The two are constitutively bound. This binding is not decorative moralism; it is the structural premise of the entire epistemological system that al-Ghazali constructs.

2.2 *The three levels of knowledge*

Al-Ghazali distinguishes three levels of knowledge, arranged in an ascending order that traces the human vocation towards its highest purpose. The first level is sensory knowledge, the knowledge obtained through what we see, hear, smell, taste, and touch. The second level is rational knowledge, the knowledge obtained through the exercise of our rational faculties: through inference, deduction, argument, and the disciplined use of reason. The third and highest level is intuitive knowledge, the knowledge that pertains to the various Sufi stations of *muraqabah* and *muhasabah*, of introspection, and of *dhawq*, a term that does not mean physical tasting but rather the tasting of the divine, the direct apprehension of realities that neither sense nor discursive reason can reach.

The three levels are not competing paradigms but ascending steps on a single ladder. Sensory knowledge is the foundation upon which rational knowledge is built; rational knowledge, in turn, prepares the soul for the possibility of intuitive apprehension. Al-Ghazali does not reject the lower levels in favour of the higher; he integrates them within a hierarchy in which each has its proper place and its proper limit. This is what permits his system to accommodate the mathematician, the astronomer, the physician, and the mystic within a single conceptual architecture, and it is what makes the *Ihya* not a manual of ecstatic experience but a rigorous integration of moral law, ethics, and spiritual pedagogy.

2.3 *The knowledge of transaction and the knowledge of unveiling*

Alongside the three levels, al-Ghazali divides knowledge into two functional categories: *ilm al-mu'amalah*, the knowledge of transaction, and *ilm al-mukashafah*, the knowledge of unveiling. The knowledge of transaction pertains to the material world, to matters of self-conduct, to trading, selling, buying, and to all the practical dimensions of one's engagement with others. It is the domain of *adab*, of ethical comportment, and of the ordering of everyday life. The knowledge of unveiling, by contrast, is believed to be of Sufi origin and pertains to the science of *tasawwuf*: it is the domain in which the veils

separating the human knower from divine reality are progressively drawn back, and in al-Ghazali's system it constitutes the pinnacle of what human knowledge can attain.

The two categories are not opposed. They are the outer and inner faces of a single epistemological project. The knowledge of transaction, faithfully pursued, prepares the soul for the knowledge of unveiling; the knowledge of unveiling, when genuine, disciplines and refines the knowledge of transaction. This unity is what permits al-Ghazali to hold together the religious sources, the Qur'an and the tradition of the Prophet ﷺ, with the rational sciences of mathematics, astronomy, and natural philosophy, without treating them as rivals for the same ground. The ethical goal, running through the whole architecture, is the cleansing of the heart, *taharat al-qulub*, and beyond that, the salvation of the soul. Knowledge, properly understood, is a path towards this end.

3.0 Economic Thought as Ethical Epistemology in Practice

3.1 *The teleological ontology of dunya and akhira*

Al-Ghazali's economic thought is not a discrete subfield within his corpus but the extension of his ethical epistemology into the domain of material life. The ontological premise is that *dunya*, the world, is connected to *akhira*, the hereafter. Whatever one does in the *dunya* reflects, and to some extent constitutes, one's station in the *akhira*. This is a teleological understanding of the world: the world exists for a purpose. In his short treatise *Al-Hikmah fi Makhluqat Allah*, The Wisdom of God's Creation, al-Ghazali explicitly informs us that the natural order is purposeful and oriented towards ends that transcend itself. But when the *Hikmah* is read alongside the *Ihya* and the wider corpus, it becomes clear that the teleology is not merely functional. The purpose the world serves is ethical: it is to improve the human being, to provide the material and relational conditions under which the ethical self may be cultivated.

The consequence for economic thought is fundamental. One may utilise nature and natural resources for one's own benefit; one may utilise *mal*, wealth, for one's own benefit. But this utility is only one side of the picture. In addition to the useful dimension of wealth, al-Ghazali, following an array of classical scholars before him, insists on what may be called the moral intricacy of the ethical self. Wealth is not simply a possession or an instrument; it is a condition that reshapes the possessor. The question is never merely how much wealth one has, but what impact its possession has on the family, the neighbours, the community, and the wider circle of those to whom one is bound.

3.2 *Wealth, ethical self, and the liability of the wealthy*

From this ontological premise, al-Ghazali derives a striking claim: the wealthy person is a liability to society. This is not a rhetorical flourish; it is a structural feature of the ethical system. The more wealth one possesses, the more one is responsible towards the members of one's society. In the tenth, eleventh, and twelfth centuries, the immediate society in question was the family, the neighbours, the milieu, the community within reach, but the principal remains the same. *Mal*, wealth, has its usefulness, but it also carries the spiritual, moral, and ethical demands that the possession of resources imposes upon the possessor. This is the point at which al-Ghazali's economic thought becomes the backbone of his ethical system rather than an appendix to it.

The interplay of *ilm* and *amal* comes to its sharpest expression here. Obtaining knowledge about economic practices and financial transactions informs one's religiosity; it confirms and matures one's spiritual and ethical endeavour. If one obtains knowledge of the ethics of transaction but does not put

that knowledge into practice, the knowledge is futile. If one engages in a transaction without the disciplining knowledge of its ethical dimensions, the transaction is disordered. This is why al-Ghazali's treatment of buying, selling, earning, and spending is so extensive across the *Ihya* and his other works: economic conduct is not a peripheral matter for the ethical life but one of its principal arenas.

3.3 Just price, hoarding, and illicit transactions

The concrete prohibitions that follow from this system make its practical stakes visible. Al-Ghazali is uncompromising on hoarding. If members of a society are in dire need of food supplies or medicine, and a merchant, a seller, or a governmental authority, the historical equivalent of what we would today call the state, hoards those supplies while others suffer, the act is unethical at the least and illicit in the fullest sense of the term. The abuse of just price falls into the same category: the manipulation of price against the vulnerable, the exploitation of scarcity for profit, the systematic capture of essential goods; all these are illicit. So too is transacting with those who are not righteous, or selling to those whose ends are unjust.

The parallels with the present are unavoidable. In an era in which food supplies, medicines, and essential goods circulate through global markets whose logic is calibrated to profit rather than provision, the abundance of classical scholarly texts on the ethics of transaction, from Al-Shaybani in the eighth century through Ibn Abi al-Dunya, Al-Isfahani, Al-Muhasibi, Al-Mawardi, Al-Ghazali, and Al-Maqrizi, and continuing after Al-Ghazali with a slightly more legalistic orientation in Ibn Qayyim al-Jawziyya, Ibn Taymiyyah, as well as Ibn Khaldun, points to two things. First, this classical corpus aimed to improve the living conditions of human beings, to make the condition of being human more dignified. Second, the sheer volume of this literature across five centuries points to a persistent scholarly dissatisfaction with governmental authorities and with those ulama, whom al-Ghazali himself calls the *ulama al-dunya*, who had forgotten the *akhira* and become instruments of worldly power. Al-Ghazali, though he himself was employed at the prestigious Nizamiyya madrasa in Baghdad for a time, eventually left that position and became a sharp critic of both the officials of his day and the scholars who served them.

4.0 The Present: Modern Islamic Economics and the Task of Recovery

4.1 Al-Ghazali against neoliberal capitalism

It is anachronistic to ask directly whether al-Ghazali would agree with neoliberal capitalism, since the categories he inhabited did not include the modern nation-state, the ecological crisis, or capitalism as a global system. The Middle Ages, moreover, is a periodisation that reflects European history rather than the intellectual timeline of the Islamic world in the eleventh and twelfth centuries. But if the question is posed heuristically, the answer is straightforward: he would disagree, and disagree fundamentally. Neoliberal capitalism is built on individual utility and on rational choice theory, on the calculus of gain measured at the level of the isolated agent. Al-Ghazali's ethical economic system is diametrically opposed to this at its foundations, because for him the moral intricacy of wealth is inseparable from its social and communal implications. The wealthy person is a liability, not a maximiser; the transaction is a moral event, not a market-clearing event.

Contemporary attempts to present a more humane face of capitalism, whether through business ethics, green economy, environmental, social, and governance frameworks, or corporate social responsibility, do useful work at the margins. But their function is largely one of embellishment: they soften the appearance of the underlying economic system without transforming or transcending it. Al-Ghazali's thought, and the wider classical corpus of which he is one of the towering exemplars, points to a deeper

and more radical possibility, that the entire architecture of economic reasoning could be reoriented around the ethical self and the moral community, rather than around the abstract calculating individual. The value of returning to these texts is not archaeological but constructive: they preserve the resources for imagining economies that the present order has forgotten how to conceive.

4.2 The shortcomings of modern Islamic economics

Modern Islamic economics as a field emerged in the second half of the twentieth century, drawing on ideas from the revivalist period. Muhammad Abduh, Rashid Rida, Jamal al-Din al-Afghani, and later Sayyid Qutb and, most importantly for the discipline, Abul A'la Mawdudi in South Asia, provide the intellectual substrate. The revivalists themselves did not discuss Islamic economic thought directly; there is no such thing in their corpus. But they were concerned with the socioeconomic conditions of Muslim societies under and after colonialism, and this concern furnished the raw material from which a later generation would construct a discipline. Abdul Azim Islahi has shown that it was scholars in South Asia who first spoke of *iqṭisād al-Islāmī*, and although Mawdudi is usually credited with founding the field, the term itself predated him. Mawdudi's decisive contribution was to popularise the field far beyond the borders of India and Pakistan, publishing in English as well as Urdu and cultivating a generation of disciples, including Khurshid Ahmad, who translated the works further and secured a global institutional footprint.

The founding aspiration of modern Islamic economics was to constitute a third-way economic system, one that would challenge both capitalism and socialism from within an Islamic moral tradition rooted in the Qur'an and Sunnah. The aspiration was noble. But two structural difficulties have attended the enterprise. The first is that modern Muslim economists have tapped into the existing field of economics in order to build the discipline, adopting the terminology and conceptual apparatus of neoclassical economics rather than developing categories from within the Islamic tradition itself. The second is that they have not looked back sufficiently into the classical Islamic intellectual tradition, into the treatises on *kasb*, on *zuhd*, on *ma'ash*, on *adab*, that provided the earlier scholars with a distinct conceptual vocabulary. *Iqtisād al-Islāmī* is itself a modern term, a modern conceptualisation with no direct precedent in al-Ghazali, al-Isfahani, or other classical scholars. They spoke of *kasb*, of acquisition and livelihood, and *kasb* is not economics in the modern sense; it is a broader ethical concept that extends beyond market transactions to the whole conduct of one's working life.

4.3 The niche of Islamic banking

A further consequence of the trajectory of modern Islamic economics is that, when people today speak of Islamic economics, they think, in practice, of Islamic banking. Islamic banking is a niche within the global financial system, a lucrative and profitable niche, and it has introduced important mechanisms and instruments, from the prohibition of *riba* to the operational mechanisms of *zakaat* and profit-sharing structures such as *musharakah* and *mudharabah*. These are not to be dismissed. But Islamic banking operates within the global financial system and is calibrated to it. In this sense, the modern Islamic economic project, as it has actually developed, represents an attempt to Islamise elements of the current global system, capitalism, rather than to constitute an alternative to it. If an Islamic economy in the fullest sense existed, it would have to operate outside the global financial market, which is almost impossible under present conditions.

The next question is what the aim of Islamic economic thought or system was in the first place. If the aim was to eradicate poverty, then in candour it has failed. If the aim was to cater to the wealthier segments of Muslim societies and to secure institutional recognition within the global financial architecture, then in that narrower sense it has succeeded. But the gap between the founding aspiration

and the operational outcome is wide, and the honest assessment of that gap is a precondition for any serious reconstructive effort. Islamic banking is important, but Islamic economic thought, in its fuller theoretical sense, is what this commentary is concerned with, and Islamic banking does not exhaust it.

4.4 Decoloniality and the recovery of classical concepts

The way forward, if the Islamic economic project is to be pursued seriously, is to theorise it within the framework of decoloniality. Decolonisation refers in the first instance to the socio-legal or political-legal process by which a formerly colonised territory achieves independence from a colonial power. Decoloniality is the wider and deeper task of contending with the remnants of colonisation that seep into education, philosophy, law, economics, and the categories through which people apprehend the world. The Muslim world, along with much of the rest of the globe, has experienced both colonisation and its epistemic residues, and the categories through which we conceive economic life today bear the marks of that history.

Decoloniality in the economic domain means returning to one's own tradition and asking what its concepts and terms meant within their specific era and context. What is *kasb*? What is its relation to *zuhd*, the renunciation of the world? Al-Shaybani, Al-Muhasibi, and Al-Ghazali all discuss *kasb* in relation to *zuhd*, treating the acquisition of wealth and the disciplined detachment from it as two poles of a single ethical life. How does this configuration differ from the modern understanding of *iqtisad* as economics tout court? The exercise is not one of nostalgic recovery; it is one of conceptual archaeology in service of contemporary reconstruction. The same process may be applied to other fields. What is *tarbiyah*? How does it relate to, and differ from, modern conceptions of education? These questions are not evasions of the contemporary task; they are indispensable to its serious pursuit.

A final observation, in a purely social-scientific register, is that no proper revolution in economic terms can occur without changing not only the political system but the economic system itself. If the same economic system remains in place regardless of the political or legal establishment, there is no genuine transformation. Malaysia has achieved what is often called the third stage of Islamic finance and is, by many measures, the most advanced jurisdiction in the world for Islamic banking. This achievement is real, and it deserves respect. But it is also, by the same token, connected to and constrained by the global financial markets. The reconstructive labour to which al-Ghazali's thought points would ask what Malaysia might do next: whether the frontier position it currently holds in Islamic finance can be leveraged into a deeper reimagining of what Islamic economics might yet become.

5.0 Conclusion

Reviving al-Ghazali in our time, as with the wider recovery of the classical Islamic intellectual tradition, is important not out of antiquarian sentiment but because the resources for imagining a post-neoliberal economic life have not been surpassed in the modern academy. If the world still reads Aristotle and Plato two and a half millennia after their deaths, and finds continuing value in moral philosophy, the Islamic tradition deserves the same treatment on its own terms. The value of returning to al-Ghazali lies not only in the specific ethical system he articulates, but in the wider methodological lesson: that ethics is not disassociated from economics, that economics is not disassociated from environment, and that the environment itself is part of the divine creation. These are not separate disciplines to be joined by ad hoc interdisciplinarity; they are aspects of a single integrated reality whose unity al-Ghazali assessed and which the modern order has forgotten.

Incorporating al-Ghazali's texts into curricula is one concrete step, and projects to this end are already underway in the United States and Indonesia, as well as through the translation work of institutions such as Fons Vitae. Beyond this, however, the deeper task is to theorise Islamic economic thought

within the framework of decoloniality, to recover classical concepts on their own terms, and to acknowledge that no genuine economic transformation can occur without altering the economic system itself. Malaysia's achievements in Islamic finance place particular responsibility on Malaysian scholars and institutions. I hope that the next generation of Muslim economists, jurists, and social theorists in this region will take up the labour of reconstruction with the patience and the intellectual seriousness it requires, so that the ethical epistemology al-Ghazali articulated nine centuries ago may find a new home in the political and economic imagination of our present.

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