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The economic philosophy of Muhammad Baqir al-Sadr: Ontological foundations, distributive justice, and the third way between Capitalism and Marxism

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ABSTRACT

This opinion paper undertakes a systematic philosophical analysis of the economic thought of Muhammad Baqir al-Sadr (1935-1980), the Iraqi Shia scholar whose foundational works *Iqtisaduna* (Our Economics) and *al-Bank al-la Ribawi fi al-Islam* (The Interest-Free Bank in Islam) constitute the most philosophically sophisticated attempt in twentieth-century Islamic thought to construct a comprehensive alternative economic doctrine grounded in Islamic jurisprudence and theology. Drawing on al-Sadr's own primary texts and their reception in both Islamic economic scholarship and comparative political economy, the paper examines the ontological, epistemological, normative, and institutional dimensions of his economic philosophy. It argues that al-Sadr's project is not merely a technical exercise in Islamic jurisprudence applied to economic problems but a fundamental philosophical intervention that challenges the metaphysical premises of both capitalism and Marxism, reconstitutes the concept of economic freedom within a framework of divine sovereignty (*tawhid*), and develops an original theory of distributive justice grounded in the doctrine of *istikhlaf* (vicegerency). The paper further examines al-Sadr's treatment of property, production, distribution, and the role of the state, before engaging critically with the principal objections raised against his framework—including concerns about internal consistency, practical implementability, and the adequacy of *ijtihad* as a mechanism for economic adaptation. The paper concludes by assessing the contemporary relevance of al-Sadr's philosophy for Islamic economic governance and its potential contribution to a pluralist global conversation about post-neoliberal economic alternatives, with particular attention to its implications for Muslim-majority economies such as Indonesia.

Keywords: Baqir al-Sadr, Islamic economics, *Iqtisaduna*, distributive justice, *tawhid*, *istikhlaf*, property rights, Islamic political economy, post-neoliberalism, *halal* finance.

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1. INTRODUCTION

In the vast intellectual landscape of twentieth-century economic philosophy, few thinkers have attempted with greater rigor and ambition to construct a comprehensive economic doctrine on foundations entirely external to the twin traditions of Western liberalism and Marxism than Muhammad Baqir al-Sadr. Born in Kadhimiya, Iraq, in 1935, and executed by Saddam Hussein's Ba'athist regime in 1980, al-Sadr produced in his relatively brief scholarly career a body of work that has exercised a profound and enduring influence on Islamic jurisprudence, political thought, and economic theory across the Muslim world (Mallat, 1993). His magnum opus *Iqtisaduna*, first published in 1961, remains the most systematic and philosophically rigorous attempt to articulate an Islamic economic doctrine as a complete alternative to capitalist and socialist modes of economic organization (al-Sadr, 1961/1982).

Yet despite the intellectual significance of al-Sadr's project and its considerable influence on the development of Islamic economics as a scholarly discipline, his economic philosophy has received insufficient attention in mainstream comparative political economy and economic philosophy. This neglect reflects a broader tendency in Western academic discourse to marginalize non-Western intellectual traditions as mere regional variants of universal economic principles rather than as genuinely distinct philosophical systems with independent contributions to offer to global conversations about economic organization (Choudhury, 2014; Kuran, 1995). This paper seeks to redress this neglect by undertaking a systematic philosophical analysis of al-Sadr's economic thought that engages seriously with its conceptual architecture, its internal logic, and its implications for contemporary debates about economic governance.

The argument proceeds through several analytical stages. The paper first situates al-Sadr's project within its intellectual and historical context, examining the philosophical challenges he set himself in constructing an Islamic economic doctrine adequate to the demands of the twentieth century. It then analyzes the ontological and theological foundations of his economic philosophy—particularly his doctrines of *tawhid* and *istikhlaf*—before examining his theory of property, his approach to distribution and production, and his account of the role of the state in economic governance. The paper subsequently engages with the major philosophical critiques of al-Sadr's framework before assessing its contemporary relevance for Muslim-majority economies navigating the challenges of economic development, financial governance, and the search for post-neoliberal alternatives.

2. INTELLECTUAL CONTEXT AND THE PROJECT OF ISLAMIC ECONOMICS

2.1. The Mid-Twentieth Century Challenge

Al-Sadr's economic philosophy emerged in response to a specific intellectual and historical conjuncture: the mid-twentieth century confrontation between the Muslim world and the two dominant economic ideologies of the era, capitalism and Marxism. Both ideologies claimed universal validity and presented themselves as comprehensive solutions to the problem of economic organization. Both had secured powerful institutional embodiments—capitalism in the Western liberal democracies and their postcolonial clients, Marxism in the Soviet Union and its allies—and both were actively contending for the allegiance of newly independent postcolonial societies, including the Arab and Muslim world (Tripp, 2006). For Muslim thinkers, the challenge was acute: how to respond to ideologies that were both intellectually sophisticated and materially powerful without either capitulating to their philosophical premises or retreating into an intellectual defensiveness that could not engage with the real problems of economic organization confronting Muslim societies.

Al-Sadr's response to this challenge was distinctive in its philosophical ambition. Rather than adopting either capitalism or Marxism wholesale, or attempting a pragmatic synthesis of elements from both, he undertook to show that Islam possesses its own comprehensive economic doctrine—one that is philosophically superior to both alternatives because it is grounded in a more adequate understanding of human nature, the purposes of economic life, and the relationship between individual freedom and social obligation (al-Sadr, 1961/1982). This claim required him to engage in a double philosophical operation: a critique of the philosophical foundations of capitalism and Marxism, and a constructive elaboration of the philosophical foundations of an Islamic economic alternative. Both operations are present throughout *Iqtisaduna*, making it simultaneously a work of philosophical criticism and of systematic philosophical construction.

2.2. Al-Sadr's Critique of Capitalism and Marxism

Al-Sadr's critique of capitalism and Marxism operates at the level of philosophical foundations rather than merely at the level of policy outcomes. With respect to capitalism, his central objection concerns its philosophical individualism and its consequent inability to provide an adequate account of social justice. Capitalism, on al-Sadr's analysis, takes the individual as its fundamental unit of moral and economic analysis, defines freedom primarily in terms of the absence of external constraint on individual choice, and treats the distribution of resources that emerges from market processes as just by virtue of having emerged from voluntary exchange. This philosophical framework, he argues, is inadequate for three reasons: it ignores the social conditions that make individual freedom possible; it fails to account for the claims of future generations on present resources; and it rests on a conception of property rights that is philosophically arbitrary—grounded not in any defensible moral principle but in historical contingency and the power relations of capitalist society (al-Sadr, 1961/1982; Mallat, 1993).

Al-Sadr's critique of Marxism is equally fundamental but focuses on different philosophical weaknesses. While acknowledging the power of Marxist analysis of capitalist exploitation and the legitimacy of its concern with distributive justice, he argues that Marxism is vitiated by its materialist philosophy of history, its denial of human freedom and moral responsibility, and its ultimately reductive account of human motivation. The Marxist insistence that economic forces are the ultimate determinant of all social phenomena—including religion, law, morality, and philosophy—not only contradicts Islamic theology but, al-Sadr argues, is philosophically incoherent: it cannot account for the very consciousness that produces the materialist thesis itself (al-Sadr, 1959/2000; Choudhury, 2014). More fundamentally, the Marxist abolition of private property and the subordination of individual initiative to collective planning destroy the motivational foundations of economic activity and represent an unjustifiable assault on the freedom and dignity of the human person.

Having identified the philosophical inadequacies of both traditions, al-Sadr argues that what is required is not a pragmatic compromise between them but a genuinely different philosophical starting point—one that is provided by the Islamic tradition's understanding of the relationship between God, humanity, and the natural world. This leads him to the ontological and theological foundations of his economic philosophy.

3. ONTOLOGICAL AND THEOLOGICAL FOUNDATIONS: TAWHID, ISTIKHLAF, AND THE DIVINE ECONOMY

3.1. Tawhid as Economic Ontology

The most fundamental and philosophically distinctive feature of al-Sadr's economic philosophy is its grounding in the Islamic theological doctrine of *tawhid*—the absolute unity and

sovereignty of God. For al-Sadr, tawhid is not merely a theological proposition about the nature of the divine but an ontological principle with direct and comprehensive implications for the organization of economic life. If God is the absolute and sole creator of all that exists, then all resources, natural and created, belong ultimately to God rather than to any human individual or collectivity. Human beings possess no original or absolute property rights; they are, in the Quranic formulation that al-Sadr makes central to his economic philosophy, *khulafa*—vicegerents or trustees of God on earth, entrusted with the stewardship of resources that belong ultimately to their divine creator (al-Sadr, 1961/1982; Nasr, 2006).

This ontological starting point has radical implications for the philosophical foundations of economic theory. Where capitalism grounds property rights in a philosophy of individual natural rights—derived from Locke's labor theory of appropriation or from utilitarian arguments about incentive—and Marxism dissolves individual property rights in the name of collective ownership, al-Sadr's framework grounds property in a theological ontology that is simultaneously more humble and more demanding than either alternative. It is more humble because it denies the absoluteness of human property claims: no individual or institution owns anything in the ultimate sense, and all claims to ownership are conditional on their conformity with the purposes for which God entrusted resources to human stewardship. It is more demanding because the conditions attached to legitimate property are not merely procedural—it is not sufficient that property was acquired through voluntary exchange—but substantive: property must be used in accordance with the divine purposes of human welfare, social justice, and the preservation of the natural environment (al-Sadr, 1961/1982).

3.2. Istikhlaf: The Doctrine of Vicegerency

Al-Sadr develops the implications of tawhid for economic philosophy through the doctrine of *istikhlaf*, or divine vicegerency. The Quranic verse that provides the textual basis for this doctrine—"And it is He who has made you successors (*khala'if*) upon the earth" (Quran 6:165)—is interpreted by al-Sadr as establishing the fundamental framework for understanding the human relationship to economic resources (al-Sadr, 1961/1982). As God's vicegerents, human beings are entrusted with the management and development of the earth's resources for the benefit of the entire human community—present and future—and in conformity with the divine purposes expressed in Islamic law. This trust is not conferred on individuals in isolation but on humanity collectively, and the distribution of trusteeship among individuals is regulated by divinely ordained principles that prioritize the satisfaction of basic needs, the prevention of exploitation, and the maintenance of social solidarity.

The doctrine of *istikhlaf* performs several crucial philosophical functions in al-Sadr's economic framework. First, it provides a principled basis for acknowledging the role of individual initiative and entrepreneurship in economic life while simultaneously denying the absoluteness of property rights that this initiative generates. Individual effort and creativity are genuine sources of economic value and deserve recognition and reward, but the rewards they generate are conditional on their consistency with the broader purposes of the human trusteeship over divine resources. Second, *istikhlaf* provides a compelling philosophical basis for intergenerational equity: since the trust over natural resources is conferred on humanity as a whole, including future generations, present generations have no right to deplete natural resources in ways that compromise the welfare of those who will come after them—a conclusion that anticipates and grounds the contemporary concept of sustainable development (Chapra, 2000; Nasr, 2006). Third, the doctrine grounds a strong conception of social obligation without requiring either the abolition of individual freedom or its subordination to collective decision-making through a central planning apparatus.

3.3. The Philosophical Anthropology Underlying Al-Sadr's Economics

Al-Sadr's economic philosophy rests on a distinctive philosophical anthropology—a conception of the human person that differs fundamentally from both the liberal homo oeconomicus and the Marxist conception of the human being as a product of material conditions. For al-Sadr, the human person is simultaneously a free moral agent, endowed by God with reason, will, and the capacity for moral choice; a social being, constituted by relationships of solidarity and obligation to other members of the human community; and a spiritual being, whose ultimate purposes transcend the satisfaction of material needs and whose economic activities should therefore be oriented toward ends that reflect the full range of human flourishing as understood within the Islamic tradition (al-Sadr, 1959/2000; Mallat, 1993).

This philosophical anthropology has important implications for al-Sadr's approach to economic motivation and incentive. Unlike capitalism, which relies primarily on self-interest as the engine of economic activity, and unlike Marxism, which appeals to collective solidarity as the motivational foundation of socialist economics, al-Sadr's framework recognizes both self-interest and social solidarity as legitimate motivational forces, while insisting that both must be oriented and regulated by the overarching moral framework of Islamic law and theology. The Islamic conception of taqwa—God-consciousness or moral awareness—functions in al-Sadr's framework as the motivational force that enables human beings to transcend narrow self-interest without the coercive mechanisms of a totalitarian state (al-Sadr, 1961/1982; Kahf, 2003).

3.4. Al-Sadr's Theory of Property: A Tripartite Framework

3.4.1. Public, Private, and State Property

One of al-Sadr's most original contributions to Islamic economic philosophy is his systematic theory of property, which distinguishes three categories of ownership corresponding to three different relationships between human beings and economic resources. Private property (al-milkiyya al-khassa) refers to those resources and their products that are legitimately appropriated by individuals through their own labor and effort. Public property (al-milkiyya al-amma) refers to resources that, by their nature, benefit the entire community and must therefore be held in common—including natural resources such as water, minerals, and forests, as well as certain categories of productive infrastructure. State property (milkiyyat al-dawla) refers to resources administered by the Islamic state in its capacity as the institutional representative of the Muslim community (al-Sadr, 1961/1982).

This tripartite framework is philosophically significant for several reasons. First, it avoids the philosophical extremes of both capitalism—which tends toward the privatization of all economically valuable resources—and Marxism—which abolishes private property in the means of production. By maintaining a space for private property while insisting on the public or state ownership of natural resources and key productive infrastructure, al-Sadr constructs a theory of property that is sensitive to both the legitimate claims of individual initiative and the imperatives of social justice and ecological stewardship. Second, the tripartite framework reflects a sophisticated understanding of the different economic functions served by different categories of resource and the different institutional arrangements most appropriate to each. Natural resources that are not created by human labor—and that are, in al-Sadr's theological framework, gifts of God to the entire human community—cannot justifiably be appropriated by individuals; their public or state ownership reflects not merely a preference for egalitarianism but a principled application of the doctrine of istikhlaf (Chapra, 2000; Iqbal & Mirakhor, 2011).

3.4.2. Labor and the Limits of Private Appropriation

Al-Sadr's account of the basis for legitimate private property draws on but substantially revises the Lockean labor theory of appropriation. Like Locke, al-Sadr holds that labor is a primary basis for legitimate ownership: the person who invests their effort and skill in the development of resources acquires a legitimate claim to the fruits of that labor. But unlike Locke, al-Sadr does not treat labor-based appropriation as generating absolute property rights; the rights it generates are conditional on their consistency with the broader framework of Islamic law, including the prohibitions on *riba* (usury), *gharar* (excessive uncertainty), and *maysir* (gambling), and the obligations of *zakat* (alms) and *sadaqa* (charity) (al-Sadr, 1961/1982; Ahmad, 1994).

Moreover, al-Sadr's analysis of labor is informed by a deep concern with the problem of exploitation—a concern he shares with Marxism but grounds in a different philosophical framework. The Islamic prohibition on *riba* is understood by al-Sadr not merely as a religious rule about the illegitimacy of charging interest on loans but as the expression of a philosophical principle about the relationship between money, labor, and value: money, as a medium of exchange and a store of value, cannot itself be the source of value creation; only labor and entrepreneurial risk-taking can generate genuine economic value, and any arrangement that enables the owner of money to appropriate the fruits of others' labor without sharing in the risks of the enterprise is a form of exploitation that violates the principles of distributive justice (al-Sadr, 1974; Mallat, 1993).

3.5. Distribution, Production, and the Architecture of the Islamic Economy

3.5.1. The Priority of Distribution

A philosophically distinctive feature of al-Sadr's economic framework is his insistence on the analytical and normative priority of distribution over production. Against the tendency of both classical and neoclassical economics to treat production as the primary economic problem—with distribution as a derivative function of the productive process—al-Sadr argues that the Islamic economic framework is fundamentally organized around the principles of distributive justice, with the rules governing production, exchange, and accumulation understood as instruments in the service of these distributional norms (al-Sadr, 1961/1982). This represents a significant philosophical inversion of the standard economic approach, one that reflects the deep Islamic concern with social solidarity, the prevention of extreme inequality, and the satisfaction of the basic needs of all members of the community.

Al-Sadr identifies two primary mechanisms for the achievement of distributive justice in the Islamic economic framework. The first is the set of rules embedded in Islamic law that govern the initial distribution of resources—including the prohibitions on certain forms of acquisition, the rules of inheritance (*fara'id*), the obligations of *zakat* and *khums*, and the institutions of *waqf* (religious endowment). These rules constitute what al-Sadr calls the pre-distributional framework: a set of constraints on the processes of accumulation and transfer that prevent the excessive concentration of wealth without requiring continuous state intervention in the market (al-Sadr, 1961/1982; Chapra, 2000). The second mechanism is the redistributive activity of the Islamic state, which is charged with ensuring that the basic needs of all members of the community are met—drawing on the resources of public and state property as well as the redistributive instruments of Islamic fiscal policy.

3.5.2. Production, Entrepreneurship, and the Prohibition of Riba

Al-Sadr's account of production in the Islamic economy is organized around two central principles: the recognition of legitimate entrepreneurship and the absolute prohibition of *riba*. The first principle reflects al-Sadr's acknowledgment that economic development requires the mobilization

of individual initiative, creativity, and risk-taking, and that the Islamic economic framework must provide adequate incentives for these activities. Legitimate entrepreneurs—those who invest their own labor and capital in productive activities, share genuinely in the risks of those activities, and conduct them in accordance with Islamic legal and ethical norms—deserve to receive a share of the profits generated by their enterprise (al-Sadr, 1974; Iqbal & Mirakhor, 2011).

The prohibition of *riba*, however, fundamentally restructures the relationship between finance and production in the Islamic economy. By prohibiting the payment of a predetermined, guaranteed return on loans, Islamic law—as interpreted by al-Sadr—requires that the relationship between capital providers and entrepreneurs be organized on the basis of profit-and-loss sharing (PLS) arrangements, such as *mudaraba* (partnership where one party provides capital and the other labor and management) and *musharaka* (joint venture with shared capital, labor, and risk) (al-Sadr, 1974; Khan, 1986). This prohibition is not merely a technical legal rule but, in al-Sadr's philosophical framework, the expression of a fundamental principle of economic justice: that those who provide financial resources to economic enterprises must genuinely share in the risks of those enterprises, rather than appropriating a guaranteed return that insulates them from the uncertainties that confront all productive activity.

The philosophical implications of the *riba* prohibition for al-Sadr's economic framework are substantial. It eliminates the rentier capitalism of the interest-bearing financial system, in which wealth generates more wealth through the mechanism of compound interest regardless of the underlying productive activity; it aligns the incentives of capital providers with those of productive entrepreneurs; it prevents the excessive accumulation of financial wealth at the expense of productive investment; and it establishes a financial system whose stability is grounded in the real economy rather than in the speculative dynamics of interest-bearing debt (al-Sadr, 1974; Chapra, 1985). These features of the Islamic financial system—which al-Sadr analyzed in theoretical detail in *al-Bank al-la Ribawi fi al-Islam*—have been extensively developed by subsequent Islamic economists and financial engineers in the construction of the contemporary Islamic finance industry.

3.6. The Role of the State and the Zone of *Ijtihad*

3.6.1. The Islamic State as Economic Actor

Al-Sadr's account of the role of the state in the Islamic economy is one of the most philosophically sophisticated and contested dimensions of his work. On his account, the Islamic state occupies a distinctive and complex position in the economic order: it is neither the minimal night-watchman state of classical liberalism nor the comprehensive planning authority of socialism, but rather an institution with specific, divinely mandated responsibilities for economic governance that must be exercised through a combination of law, fiscal policy, and direct productive activity (al-Sadr, 1961/1982; Mallat, 1993). The state's economic responsibilities derive from its role as the institutional representative of the Muslim community in its capacity as collective trustee of divinely entrusted resources.

Three primary categories of state economic activity emerge from al-Sadr's framework. First, the state is responsible for the administration of public and state property—the natural resources and productive infrastructure that belong to the community as a whole—and for ensuring that the revenues generated by these resources are distributed in accordance with the principles of Islamic distributive justice. Second, the state is charged with the enforcement of the rules of Islamic economic law—including the prohibitions on *riba*, *gharar*, and *maysir*, the requirements of *zakat* and *khums*, and the regulations governing contracts, inheritance, and property—that constitute the pre-distributional framework of the Islamic economy. Third, and most interestingly from a philosophical perspective, the state is empowered to exercise *ijtihad*—independent legal reasoning—in the

management of the economic order, adapting the application of fixed Islamic principles to the changing circumstances of economic life (al-Sadr, 1961/1982; Choudhury, 2014).

3.6.2. The Zone of Ijtihad: Fixed Principles and Variable Applications

Al-Sadr's concept of the zone of ijtihad (mantiqat al-faragh) is perhaps his most philosophically innovative contribution to Islamic economic theory, and it addresses directly one of the most persistent objections to Islamic economics: the concern that a legal framework rooted in seventh-century Arabia cannot provide adequate guidance for the complex economic challenges of the modern world. Al-Sadr's response to this concern distinguishes between two categories of Islamic economic norms: fixed principles (thawabit) derived directly from the Quran and authenticated hadith, which are binding on all Muslims regardless of changing circumstances; and variable applications (mutaghayyirat) in the zone of ijtihad, where the Islamic state is empowered—indeed, obligated—to exercise independent legal reasoning in filling the gaps left by the fixed principles (al-Sadr, 1961/1982).

The philosophical significance of this distinction is considerable. It allows al-Sadr to maintain both the normative authority of Islamic law—which is grounded in divine revelation and therefore possesses a philosophical authority that no humanly constructed legal system can match—and the adaptability of Islamic economic governance to changing historical circumstances. The fixed principles function as inviolable constraints on economic activity—no positive law or government policy can override the prohibition on riba, for example—but within these constraints, there is a substantial and flexible zone in which the Islamic state, exercising the ijtihad of qualified jurists, can develop economic policies adapted to contemporary realities (Mallat, 1993; Tripp, 2006). This framework has significant implications for the relationship between Islamic jurisprudence and modern economic theory: contemporary economic analysis can inform the exercise of ijtihad, provided that its conclusions are tested against the fixed principles and remain within the normative framework of Islamic law.

3.7. Philosophical Critiques and Internal Tensions

3.7.1. The Problem of Internal Consistency

Al-Sadr's economic philosophy has attracted a range of philosophical critiques, some from secular critics skeptical of the viability of any religiously grounded economic doctrine and others from within the Islamic intellectual tradition. The first major category of critique concerns the internal consistency of al-Sadr's framework—specifically, the question of whether his tripartite theory of property, his account of the riba prohibition, and his theory of the state can be combined into a coherent and practically workable economic system. Kuran (1995), in his influential critique of Islamic economics, argues that the Islamic prohibition on interest creates fundamental difficulties for investment finance in a modern economy: if providers of capital cannot receive a guaranteed return, and if the uncertainties of profit-and-loss sharing create insurmountable information asymmetries and moral hazard problems, then the Islamic financial system will be unable to mobilize the capital necessary for economic development at a competitive cost.

This critique has been extensively engaged by subsequent Islamic economists, who have argued that the PLS framework, properly implemented, can overcome the information problems that Kuran identifies, and that the development of innovative financial instruments—including sukuk, ijarah, and various forms of murabaha—demonstrates the practical viability of interest-free finance (Iqbal & Mirakhor, 2011; Chapra, 2000). But even sympathetic commentators have acknowledged that the gap between the theoretical elegance of al-Sadr's model and the messiness of its real-world implementations is substantial, and that the extensive use of financial engineering in contemporary Islamic banking to replicate the cash flows of conventional interest-bearing instruments represents a significant departure from the spirit of al-Sadr's philosophical project (El-Gamal, 2006).

3.7.2. The Epistemological Challenge: Whose Ijtihad?

A second major philosophical challenge concerns the epistemological foundations of al-Sadr's theory of ijtihad and the related question of political authority in the Islamic state. Al-Sadr's framework presupposes the existence of qualified jurists capable of exercising the independent legal reasoning required to fill the zone of ijtihad with appropriate economic policies, and it assigns significant economic governance responsibilities to an Islamic state whose authority derives from its representation of the divine will as mediated through Islamic law. But who determines the qualifications of the jurists? Whose interpretation of Islamic law is authoritative? And how are conflicts between different schools of Islamic jurisprudence to be resolved in the domain of economic governance (Tripp, 2006; Choudhury, 2014)?

These questions are not merely practical but philosophical: they concern the epistemological foundations of al-Sadr's claim that the Islamic economic framework can provide determinate guidance for economic governance. If the exercise of ijtihad is open to genuine disagreement among qualified jurists—and the history of Islamic jurisprudence provides abundant evidence that it is—then the zone of ijtihad may provide less clear guidance than al-Sadr's framework suggests. Al-Sadr himself was aware of this problem and addressed it in his political philosophy through the doctrine of wilayat al-faqih—the guardianship of the jurist—which holds that a single supreme jurist should exercise ultimate authority over the Islamic state (Mallat, 1993). But this solution raises its own philosophical difficulties, not least concerning the relationship between religious authority and democratic legitimacy that has been a persistent source of tension in the Islamic Republic of Iran, where a version of al-Sadr's political philosophy was implemented.

3.7.3. The Question of Universality and Cultural Specificity

A third category of philosophical critique concerns the universality claims of al-Sadr's economic philosophy. Al-Sadr presents his framework as an Islamic doctrine—grounded in the specific theological and jurisprudential resources of the Islamic tradition—but also as a genuinely universal alternative to capitalism and Marxism, applicable not merely in Muslim-majority societies but wherever the principles of divine sovereignty, human trusteeship, and distributive justice are recognized. Critics from both secular and non-Muslim perspectives have questioned whether a philosophical framework so deeply embedded in the specific resources of Islamic theology can make credible claims to universal validity without either diluting its distinctive Islamic character or imposing the premises of one religious tradition on societies that do not share them (Choudhury, 2014; Kuran, 1995).

This critique raises deep questions about the relationship between particular religious traditions and universal philosophical claims that extend well beyond the case of Islamic economics. Al-Sadr's response—implicit in the structure of Iqtisaduna—is that the Islamic philosophical framework arrives at conclusions about distributive justice, the limits of property rights, and the social obligations of economic actors that can be independently validated from a variety of philosophical starting points, even if the specifically Islamic route to these conclusions is grounded in theological premises that not all will share. This response is philosophically defensible but requires further elaboration: the task of demonstrating the convergence between Islamic economic philosophy and other traditions of thought about justice, solidarity, and ecological stewardship remains an important agenda for contemporary Islamic economic scholarship.

3.8. Contemporary Relevance: Al-Sadr's Philosophy in the Post-Neoliberal Moment

3.8.1. Islamic Economics and the Global Financial Crisis

The global financial crisis of 2007-2008 gave new urgency and visibility to al-Sadr's economic philosophy and to the broader Islamic economics tradition that his work helped to found. The crisis was widely interpreted—including by mainstream economists—as a demonstration of the systemic instability generated by the interest-based financial system, the disconnection between financial activity and real economic production, and the moral hazards created by the socialization of financial risk while profits remained private (Stiglitz, 2010). These features of the crisis correspond precisely to the structural problems that al-Sadr's prohibition of *riba*, his insistence on the connection between financial returns and productive risk-sharing, and his framework of public and state property were designed to prevent (Iqbal & Mirakhor, 2011; Chapra, 2008).

The Islamic finance industry, which has grown from a minor niche to a global sector managing assets exceeding three trillion dollars, has positioned itself—with varying degrees of intellectual honesty—as a manifestation of the alternative financial architecture that al-Sadr envisaged. Critically, however, scholars working in the tradition of al-Sadr have been among the most stringent critics of the gap between the philosophical aspirations of Islamic finance and its practical reality: the dominance of asset-backed and commodity-based structures that replicate the cash flows of conventional interest-bearing instruments without genuinely sharing risk represents, on this critique, a philosophically inadequate response to the challenge al-Sadr identified (El-Gamal, 2006; Asutay, 2012). A genuinely Sadrīan Islamic finance would require more fundamental institutional transformation than the mere replacement of interest with structurally equivalent fee-based instruments.

3.8.2. Implications for Muslim-Majority Economies: The Case of Indonesia

For Muslim-majority economies such as Indonesia—the world's largest Muslim-majority nation and a country in which Islamic economics and Islamic finance have been growing in institutional significance since the establishment of Bank Muamalat in 1992 and the formal development of a sharia banking framework—al-Sadr's economic philosophy carries important practical implications (Kustin, 2015; Antonio, 2001). Indonesia's experience of neoliberal structural adjustment in the aftermath of the 1997-1998 Asian financial crisis, and its subsequent negotiation of a developmentalist economic governance model that selectively incorporates market mechanisms while maintaining a substantial role for state-directed investment and social protection, provides a context in which the insights of al-Sadr's framework deserve serious consideration.

Three specific dimensions of al-Sadr's philosophy are particularly relevant to the Indonesian case. First, his theory of public property and the social function of natural resources provides a philosophical framework for thinking about the governance of Indonesia's abundant natural wealth—including its forests, minerals, and marine resources—that challenges both the neoliberal preference for private appropriation and the statist tradition of centralized control, pointing instead toward arrangements that recognize the trusteeship obligations of current generations toward future ones and the claims of local communities on the resources of their territories (Chapra, 2000; Nasr, 2006). Second, al-Sadr's account of the zone of *ijtihad* provides a framework for thinking about how Islamic jurisprudence can engage creatively and adaptively with the challenges of contemporary economic governance, including the governance of digital finance, the platform economy, and the environmental challenges of climate change. Third, his insistence on the priority of distributional justice provides a normative framework for evaluating the outcomes of Indonesia's economic development that goes

beyond the standard metrics of growth and productivity to encompass the satisfaction of basic needs, the reduction of inequality, and the preservation of social solidarity.

3.8.3. Al-Sadr's Philosophy and the Post-Neoliberal Conversation

Beyond its specific implications for Muslim-majority economies, al-Sadr's economic philosophy makes a significant contribution to the broader global conversation about post-neoliberal alternatives. As argued in the companion paper on neoliberal philosophy, the construction of viable alternatives requires philosophical work—the development of genuinely different frameworks for thinking about freedom, property, justice, and the relationship between markets and governance—as well as institutional innovation. Al-Sadr's philosophy offers several resources that are directly relevant to this philosophical task.

First, his ontological grounding of property rights in the doctrine of divine trusteeship provides a philosophically powerful alternative to both the natural rights foundation of capitalist property theory and the collectivist dissolution of property rights in socialism. By treating all human property as conditional on its conformity with the purposes of stewardship over divinely entrusted resources, al-Sadr constructs a framework that can acknowledge the legitimate role of private initiative while subjecting it to substantive social and ecological constraints that liberal political philosophy has struggled to articulate within its own philosophical framework (Nussbaum, 2011; Sen, 1999). Second, his theory of distributive justice, grounded in the doctrine of *istikhlaf* and the specific redistributive mechanisms of Islamic law, provides a coherent alternative to both the market-determined distributions of neoliberal capitalism and the egalitarian demands of socialist redistribution—one that recognizes the diversity of entitlement principles relevant to economic justice while insisting on robust guarantees for the satisfaction of basic needs. Third, al-Sadr's philosophical anthropology—his insistence on the simultaneous freedom, sociality, and spiritual depth of the human person—provides a more adequate basis for economic theory than the reductive *homo oeconomicus* of neoclassical economics, pointing toward the kind of pluralist account of human motivation and value that post-neoliberal economics requires (Dardot & Laval, 2014).

4. CONCLUSION

This paper has argued that Muhammad Baqir al-Sadr's economic philosophy represents one of the most philosophically sophisticated and intellectually significant contributions to twentieth-century economic thought—one that deserves far more serious engagement from comparative political economy and economic philosophy than it has hitherto received. His systematic construction of an Islamic economic doctrine grounded in the theological principles of *tawhid* and *istikhlaf*, his tripartite theory of property, his critique of *riba* as a mechanism of exploitation, his analysis of the institutional requirements of an interest-free financial system, and his theory of the zone of *ijtihad* as a mechanism for adapting fixed Islamic principles to changing economic circumstances together constitute a coherent and intellectually ambitious philosophical system that offers genuine alternatives to both the philosophical atomism of capitalism and the philosophical collectivism of Marxism.

The philosophical critique undertaken in this paper has identified several significant challenges to al-Sadr's framework: the problem of internal consistency in his financial theory, the epistemological difficulties surrounding the exercise of *ijtihad*, and the tension between the universal aspirations of his philosophy and its specific Islamic grounding. These are genuine philosophical challenges that the continuing development of Islamic economic philosophy must address. But they do not vitiate the fundamental philosophical achievement of al-Sadr's project: the demonstration that it is possible to construct a philosophically coherent economic doctrine on foundations different from those of either

capitalism or Marxism, one that takes seriously the insights of both traditions while subjecting them to a critique grounded in a distinctive philosophical anthropology and theology.

For the contemporary moment—characterized by the exhaustion of neoliberal hegemony, the urgent demands of ecological crisis, and the growing recognition of the inadequacy of purely market-based approaches to the challenges of human development—al-Sadr's economic philosophy offers resources of enduring relevance. His insistence on the conditional character of property rights, the priority of distributive justice, the social function of natural resources, and the capacity of institutional innovation to reconcile market mechanisms with substantive social and ecological norms points toward the kind of philosophically grounded post-neoliberal economic framework that the global moment requires. The task of elaborating and extending this framework—engaging it with contemporary economic theory, adapting it to the specific institutional contexts of Muslim-majority and other societies, and bringing it into productive dialogue with other philosophical traditions of economic thought—constitutes an intellectual agenda of the first importance for scholars of Islamic economics, comparative political economy, and economic philosophy alike.

Ethical Approval

This study did not require ethical approval because it is based exclusively on published literature and did not involve human participants, animals, or identifiable personal data.

Informed Consent Statement

Not applicable because this study is a systematic literature review and did not involve direct data collection from participants.

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