

From Secular Capitalism to Spiritual Balance: The Relevance of Naquib Al-Attas's Vision in Contemporary Economic Thought

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Abstract

The current capitalist economic system, rooted in secular Western ideology, has evolved beyond a market mechanism into a pervasive lifestyle that emphasizes materialism, autonomy, and human-centered progress. However, this system fundamentally contradicts Islamic teachings, which integrate worldly and spiritual life under divine sovereignty. This study employs a descriptive-analytical method to critically examine capitalism through the lens of Syed Muhammad Naquib Al-Attas's thought. Al-Attas argues that capitalism leads to moral disintegration and spiritual alienation by detaching economic behavior from its metaphysical roots. As a corrective, he advocates for a return to an authentic Islamic worldview grounded in tawhid and adab. The findings suggest that addressing capitalism's failures requires adopting a balanced path—one that harmonizes material well-being with spiritual fulfillment. Al-Attas's vision, centered on the Islamization of knowledge, offers a transformative foundation for developing an Islamic economic system that is both ethically grounded and socially just.

Keywords: Capitalism; Islamic Economics; Islamic Worldview; Islamization of Knowledge; Naquib Al-Attas.

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Introduction

The current global economic system is predominantly shaped by capitalism—a system that emphasizes individual freedom in economic activity and prioritizes the pursuit of maximum profit (Rahmawati, 2023). Rooted in Western thought, capitalism is often associated with Karl Marx's critique of the relationship between capital owners and labor within a framework of private ownership, market competition, and profit maximization (Turner et al., 2011; Ebeinstan & Fogelman, 1987).

This system arises from a worldview that equates welfare with material prosperity, largely excluding religious or spiritual dimensions. In the Western model, success is commonly measured by material wealth and economic achievement, often neglecting moral and inner well-being. As Umar Chapra notes, prioritizing material welfare while ignoring ethical and religious values can lead to a range of social issues, including crime, mental health problems, infidelity, and family breakdown. This suggests that capitalism offers only external happiness, lacking the spiritual depth necessary for genuine human well-being (Reza Kusuma et al., 2023).

The capitalist economic system, based on a secular worldview, tends to cultivate individuals who pursue expedient and material-driven solutions to life's challenges (Dewantara, 2020). Within this framework, happiness is often defined in terms of material wealth, the avoidance of poverty, and the achievement of social status. However, this reductionist approach overlooks the complex social, emotional, and psychological dimensions of well-being. One particularly alarming consequence of this material-centric model is the increasing rate of suicide, particularly in developing economies.

Recent research has revealed that globalization and market liberalization—key features of the capitalist system—intensify these challenges in multifaceted ways. While early phases of globalization may initially bring economic growth and reduce suicide rates in low-income nations, prolonged exposure often results in increased social inequality and institutional instability (Sari et al., 2023). As market liberalization deepens, economic volatility and job insecurity rise, contributing to psychological stress and heightened suicide risks (Huikari et al., 2019). Although general indicators of economic freedom do not consistently predict suicide, specific dimensions—such as trade openness—have been directly linked to deteriorating mental health outcomes.

Furthermore, income disparity—one of the most persistent characteristics of capitalist economies—exerts a substantial impact on mental well-being. A growing body of evidence demonstrates a strong correlation between widening income gaps and suicide rates, particularly in countries with underdeveloped welfare systems. Societies dominated by secular and individualist values, typical of capitalist ideologies, tend to report higher incidences of suicide compared to cultures grounded in collectivism or religious traditions (Chon, 2023). In these environments, traditional support networks weaken, communal cohesion erodes, and individuals increasingly experience alienation and existential disorientation.

The mental health infrastructure in many developing capitalist countries remains inadequate, underfunded, and stigmatized. During times of economic crisis—frequent under global capitalism—governments often reduce health and welfare spending, leaving vulnerable populations without access to necessary psychological care (Miret & López-García, 2016). This compounding effect of economic insecurity, social fragmentation, and limited mental health services further illustrates the systemic shortcomings of capitalist development models.

These findings highlight the complex and interconnected pressures inherent in capitalist systems—pressures that not only affect economic stability but also deeply compromise the psychosocial health of individuals. Therefore, any economic development strategy based on capitalism must be accompanied by comprehensive social policies that safeguard mental health, reduce inequality, and reinforce cultural and communal bonds.

The pressure to achieve economic success under such systems often results in increased stress and anxiety due to social expectations and economic uncertainty. These stressors are linked to various mental health challenges. This reveals a deeper flaw within the capitalist worldview—its focus on external, material indicators of well-being, while neglecting the spiritual and emotional dimensions of human life. In contrast, the Islamic economic system promotes a more holistic understanding of prosperity, emphasizing balance, ethical conduct, and the integration of spiritual and material well-being.

From an Islamic perspective, all wealth ultimately belongs to Allah SWT. Human beings are considered trustees of wealth, with rights of use but not absolute ownership (Huda, 2016). The Islamic economic system is founded on principles such as the prohibition of *riba* (usury), *maysir* (gambling), and *gharar* (excessive uncertainty), while promoting justice, ethical conduct, and equitable wealth

distribution. The overarching goal is to establish social justice and collective welfare (Khoiry et al., 2023).

The core conflict between capitalism and Islamic economics lies in their respective views on individualism and ownership. Capitalism champions personal freedom and competition, often overlooking ethical considerations and social responsibility. It adheres to the principle of *homo homini lupus*—"man is a wolf to man"—which reflects its adversarial nature (Huda, 2016). Conversely, Islamic economics is built on three foundational pillars: *al-milkiyah* (ownership rights), *al-tasharruf al-milkiyyah* (the utilization and development of ownership), and *tauzi' tsarwah bayna al-nas* (the distribution of wealth among people) (Karim, 2001).

One of the most prominent thinkers in Islamic intellectual tradition is Syed Muhammad Naquib Al-Attas, born in Bogor, West Java, Indonesia, on September 5, 1931. He is the younger brother of noted sociologist Syed Hussein Al-Attas and has held prominent academic positions, including serving as Vice-Chancellor at the University of Malaya, Kuala Lumpur (Daud, 2003). His younger brother, Syed Zaid Al-Attas, is a chemical engineer and lecturer at the MARA Institute of Technology.

Al-Attas is internationally recognized for his contributions to philosophy, literature, and history. In 1970, he was appointed an International Fellow of the American Philosophical Association (Badaruddin, 2007). He also played a key role in the First World Conference on Islamic Education in Mecca in 1977, where he chaired the committee that formulated the goals and principles of Islamic education (Maimun Syamsuddin, 2012).

Al-Attas introduced the concept of the Islamization of knowledge, which he categorized into three dimensions: epistemology, methodology, and axiology. He proposed that Islamization involves integrating Islamic teachings into various scientific disciplines through approaches grounded in revelation (Ragab, 1997). This perspective extends to the field of economics, where Al-Attas advocated aligning economic theories and practices with Islamic epistemological and moral values (Bawafie et al., 2023). According to Mustofa (2017), this process finds practical expression in Islamic banking and finance, but must rest on a firm philosophical foundation rooted in the Islamic worldview.

Western civilization's conception of welfare remains largely materialistic, often failing to account for the spiritual and emotional dimensions of human life. In contrast, Islam provides a more balanced vision of well-being, incorporating both material sufficiency and inner peace. The inability of the capitalist system to achieve

this balance highlights the need for alternative models. For Muslim-majority societies, the Islamic economic system offers a more comprehensive and ethically grounded solution to contemporary economic and social challenges.

Based on this context, the present study aims to explore the core shortcomings of the capitalist economic model, assess how Islamic teachings provide alternatives, and analyze these issues through the lens of Syed Muhammad Naquib Al-Attas's thought on Islamization and Islamic economics.

Methods

This study adopts a descriptive-analytical qualitative approach to explore capitalism's ideological foundations through the framework of Syed Muhammad Naquib Al-Attas. As a library-based inquiry, it draws primarily from Al-Attas's seminal works alongside relevant scholarly commentaries.

The descriptive aspect outlines key concepts in Al-Attas's worldview—*tawhid*, *adab*, and *ta'dib*—within the Islamic intellectual tradition, contrasting them with the secular basis of capitalist economics. The analytical aspect uses thematic content analysis, guided by Sugiyono's (2013) qualitative framework, to identify Al-Attas's critiques of Western epistemology and their implications for economic justice and spiritual well-being. A comparative lens highlights core differences between Islamic and capitalist economic paradigms.

Sources include primary texts by Al-Attas, secondary literature on his economic relevance, and tertiary references for conceptual clarity. Grounded in the tradition of *tafaquh* (deep understanding), this method supports the study's aim of articulating a spiritually integrated Islamic economic model.

Result and Discussions

Meaning of Secularism

The term *secular* has been widely used and studied. Since the 19th century, the Western world has used it in relation to the policy of separation of Church and State (Al-Attas, 1981). In Arabic, secularism is translated as *'ilmaniyyah*, while in English, secularism refers to an ideology that removes religion from public and political life. More specifically, secularism is defined as a worldview that ignores religious or spiritual values (Yusuf Qardhawi, 1993). According to *The New International Webster's Comprehensive Dictionary of the English Language*, secularism is concerned with worldly matters and the neglect of spiritual values.

Secularism is an ideology that emerged as a consequence of the process of secularization. Syed Muhammad Naquib al-Attas explains that secularism is deeply rooted in Western civilization and must be understood in its original context. According to Al-Attas, elements of secularism were inherited by Europeans from ancient Greek and Roman civilizations, and were further shaped by German, French, and British thought (Al-Attas, 1981).

Al-Attas defines secularism as a belief system that exalts human autonomy and the temporal aspects of life. He outlines several core elements of secularism: (1) belief in the power of reason to guide life; (2) acceptance of dualism in reality and truth; (3) adherence to humanism; and (4) belief in tragedy or drama as fundamental truth (Kismanto, 2013; Muntarina, 2017). Al-Attas further argues that secularism has become the essence and spirit of Western civilization, leading to a crisis of humanity and the erosion of transcendental religious values.

In its contemporary form, secularism manifests itself as a worldview that removes God from human affairs, viewing all actions as independent of divine influence. As such, secularism promotes a way of life that separates religion from all aspects of social and personal behavior (Muntarina, 2017). In response, Al-Attas called on Muslims to re-engage with the Islamic intellectual tradition through efforts such as *dewesternization* and the Islamization of science.

Capitalism

Capitalism is currently the dominant economic system in the world (Brewer, 2016). According to Karl Marx, capitalism begins with free competition, individual responsibility in economic activities, and private ownership of the means of production. Capitalism gives individuals the freedom to participate in the economy, while the role of government is limited to ensuring the continuity of economic functions without direct intervention (Mubyarto, 1999). Adam Smith emphasized that personal interests are the driving force of the economy through the concept of the "invisible hand" that directs economic progress towards national prosperity (Hasan & Mahyudi, 2020). The emergence of capitalism cannot be separated from the influence of classical economists such as Adam Smith, David Ricardo, Martin Luther, and Benjamin Franklin. Capitalism emerged from the dynamics of the market that developed in the 17th century (Al-Jihad, 2018).

Capitalism is based on a secular Western worldview that separates religion from public life. This system assumes that humans have absolute freedom to organize their lives without integrating religious values. As a result, the moral and spiritual

dimensions have been marginalized. This separation has contributed to increasing inequality, as the system tends to benefit the upper class while reducing the economic power of the lower class, ultimately reducing the freedom of society as a whole (Ikbal et al., 2023).

The capitalist economic system is oriented towards the pursuit of maximum profit with minimum capital. What was originally a system based on free markets and property rights has evolved into a secular ideology that shapes not only economic activity but also lifestyles and social norms (Tourine, 1995). This development is in stark contrast to the Islamic economic worldview, which differs not only in philosophy but also in basic principles and practical implementation.

Islamic economics is a discipline rooted in Islamic values that seeks to build a just and moral economy (Mannan, 1997). While capitalism focuses only on material well-being, Islamic economics aims to achieve *falah* —well-being in this world and the hereafter. Capitalist rationality prioritizes self-interest and largely ignores morality and ethics. In contrast, Islamic economics seeks to shape economic behavior through spiritual and ethical values. While capitalism aims to maximize profits, Islamic economics also emphasizes the achievement of spiritual benefits and *al-falah* (Wibawanti, 2022).

Secular Implications of Capitalism

One of the key implications of the secular capitalist system can be seen in the realm of free trade, particularly through the reduction of both tariff (import and export) and non-tariff barriers (Jeffrey A, 2000). Import tariffs, which function as taxes on foreign goods, tend to raise domestic prices. While this benefits producers through increased profit margins, it places a financial burden on consumers. Governments that adopt liberalization policies often promote the division of labor and specialization in the production of goods and services, aiming to reduce production costs and enhance efficiency (Reza Kusuma et al., 2023).

However, such market-oriented reforms also reflect a deeper structural issue inherent in capitalism: the unequal distribution of ownership and control over productive resources. The system fosters a division between capital owners and those who lack property rights, forcing the latter—primarily the lower class—to sell their labor in order to survive economically. This dynamic perpetuates economic inequality, as the wealthy continue to accumulate resources while the economically disadvantaged remain marginalized (M. Syadzali, 1990).

This inequality is not merely national but global in scale. Economic power is increasingly concentrated, with nearly 40 percent of global trade in goods controlled by just three or fewer countries. In 2021, the market capitalization of each of the world's three largest technology firms surpassed the Gross Domestic Product (GDP) of more than 90 percent of the world's countries (UNDP, 2023). These indicators of global disparity underscore the limitations of the capitalist model in promoting equitable development. They also point to the potential of the Islamic economic system to serve as an alternative framework—one that emphasizes both material sufficiency and spiritual balance. Unlike Western civilization, which largely measures prosperity through material indicators, the Islamic worldview integrates ethical and metaphysical dimensions in its conception of well-being.

From this perspective, Islam functions as a comprehensive guide for achieving both physical and spiritual prosperity. Obedience to divine law is central to Islamic teachings. First, welfare in Islam encompasses not only worldly well-being but also religious and moral integrity. In cases where human interests conflict with divine commands, religious principles take precedence. Allah SWT has ordained economic guidelines that promote justice and well-being in both this life and the hereafter (Kusuma, 2022). Second, Islamic welfare includes metaphysical elements such as inner peace, moral discipline, and spiritual fulfillment. Third, the ultimate benchmark for welfare is not confined to worldly success but also encompasses preparation for the afterlife (Reza Kusuma et al., 2023).

In line with this holistic vision, Syed Muhammad Naquib Al-Attas emphasized that the Islamic worldview inherently fosters a fair and harmonious relationship between the life of this world and the hereafter. He argued that this balance is foundational to true human prosperity. Through its divine legal and ethical framework, Islam aspires to establish a comprehensive form of well-being—*not only materially, but spiritually*—enabling individuals and societies to live in equilibrium. Al-Attas contended that this balance provides an effective response to the crises of meaning and moral dislocation prevalent in Western civilization, where prosperity is narrowly defined in material terms, often at the expense of inner peace and eternal purpose (Al-Attas, 2013).

Islamic Economic View

Worldview can be defined as a set of beliefs or perspectives that serve as basic principles that guide human behavior (Al-Attas, 1995). In the Islamic context, worldview (*ru'yat al-'alam*) is a concept derived from recognition (*ma'rifah*), which

consists of core principles with distinct characteristics and essences. It is rooted in belief in God and the creation of the universe, where humans are considered the most honorable of all creations (Muttaqien, 2019). According to Syed Muhammad Naquib al-Attas, the concept of God occupies a central and fundamental position in the Islamic worldview. This is because belief in God supports all other fundamental concepts, including revelation, creation, happiness, values, morality, science, and religion (Zarkasyi, 2018).

Islamic scholars have long emphasized that Islam presents a unique and comprehensive worldview that distinguishes it from other philosophical and ideological systems. This worldview affects all aspects of life, including economics. The Islamic economic system is not based solely on material or worldly considerations; rather, it integrates the temporal with the eternal. All elements of worldly life are viewed in relation to the hereafter, with the ultimate goal of achieving holistic and just well-being (*al-falah*). In contrast, the capitalist economic system is at odds with Islamic economics, particularly in its ethical foundations and theological orientation.

Umer Chapra, a prominent economist from Pakistan, has highlighted the social and economic inequalities perpetuated by the capitalist system. According to Chapra, capitalism exacerbates hunger and poverty by not providing a fair mechanism for the distribution of wealth. He advocates an Islamic economic framework that emphasizes redistribution through instruments such as *zakat*, profit sharing, and the prohibition of *usury*, thus allowing for a more just and equitable economic order (Mulyadi, 2016).

In line with that, Muhammad Baqir al-Sadr, an Islamic cleric and economist from Iraq, argued that capitalism fails to guarantee social justice, because it only focuses on capital accumulation and individual interests. This system tends to ignore the welfare of the wider community, and prioritizes those who have access to capital. Al-Sadr introduced the concept of *iqtishad*, which refers to efforts to manage resources in accordance with divine guidance, with justice and balance as the main principles (Choiriyah, 2016).

Naquib al-Attas also criticized the capitalist conception of freedom, which he argued was detrimental to religious and moral values. In his analysis, capitalism promoted unlimited freedom to own and consume, which ultimately enslaved individuals to material desires. Al-Attas characterized this as false freedom—a freedom that separates individuals from their spiritual obligations and social responsibilities, thus distancing them from true peace and well-being.

As an alternative, Al-Attas proposed an economic system rooted in Islamic values and *adab* (discipline and good behavior). This system aims to achieve harmony between individual freedom and collective responsibility, and between humans and God. He asserted that the Islamic economic system encourages a balance between material and spiritual needs, and prioritizes justice, social responsibility, and wisdom in economic life (Kuswadi, 2017).

Syed Naquib Al- Attas on Capitalist Economics Methodology for the Islamization of Science (Economics)

Syed Muhammad Naquib Al-Attas and Ismail Raji al-Faruqi summarize the discourse on the Islamization of science into three main dimensions: methodology, epistemology, and axiology (Raji Al-Faruqi, 1984). The knowledge disseminated by Western civilization must be Islamized—not through formal or ritual conversion, but by freeing it from secular influences and aligning it with divine guidance. Specifically, the interpretation of facts must be integrated with key Islamic concepts such as *din* (religion), *insan* (humanity), *ma'rifah* (knowledge), *'adl* (justice), and *adab* (proper behavior) (Al-Attas, 2015). Thus, Islamization is the process of reconstructing knowledge based on Islamic texts while employing rigorous scientific reasoning. Al-Attas emphasizes that the Islamic tradition includes a rich heritage of classical texts and disciplines that must be reintegrated into contemporary fields such as economics (Bawafie et al., 2023). The integration of Islamic values and economic inquiry reflects a synthesis aimed at producing theories and analyses rooted in spiritual and ethical principles. The ultimate goal is to establish economic norms and policies that reflect the material and spiritual dimensions of human life. In this way, the Islamization of science offers a normative basis for the development of Islamic economic thought (Mustafa, 2017).

Al-Attas also proposed that Islamic thought is structured into four interrelated layers, as outlined by scholars such as Imam Abu Hasan al-Ash'ari, Sheikh Muhammad Abu Zahrah, and Al-Attas himself. The first and most fundamental layer is the Islamic worldview (*ru'yat al-'alam*), which serves as an ontological and epistemological framework that affirms the oneness of God (*tawhid*) and recognizes the Qur'an as divine revelation (Al-Attas, 2015). In this worldview, all economic activity must be rooted in *taqwa* (God-consciousness). The second layer is *kalam* (Islamic theology), which was developed to maintain the integrity of Islamic belief and counter ideological deviations. In this sense, *kalam* serves as a defense against Western secular ideologies, such as capitalism. The third layer consists of *fiqh* and

ushul fiqh, which provide a legal methodology for interpreting and applying divine law. Al-Attas affirmed the legitimacy of differences of opinion among legal schools and advocated respectful and tolerant discourse, recognizing that these differences arise from the same source—the Qur'an and the Sunnah (Reza Kusuma et al., 2023). The final layer of Islamic thought concerns *siyasa* (political and social thought), including economics and governance. Although historically a point of contention, these areas are deeply rooted in Islamic jurisprudence and reflect the complexity of applying Islamic teachings to collective life.

Al-Attas' contribution to Islamic economics is rooted in this multidimensional framework and offers a profound critique of the modern secular economic system (Al-Attas, 1981). He criticized the materialist and secular orientation of conventional economics, which he argued disconnected economic behavior from spiritual values, leading to a system driven solely by profit and resulting in injustice, exploitation, and moral decline. In contrast, Al-Attas promoted an Islamic economic model that balanced material gain with social responsibility and spiritual well-being. He emphasized the importance of understanding Islamic economics through the lens of *the maqasid al-shari'ah* (the higher objectives of Islamic law), which aim to ensure justice and collective well-being. He warned against the uncritical adaptation of Western models and called for the development of an indigenous Islamic economic system based on authentic principles of justice, equity, and social concern (Al-Attas, 1981). Al-Attas also introduced the concept of *ta'dib*—the cultivation of good morals and ethics—as essential to economic education. Economic learning, in his view, should go beyond technical training to encompass moral and spiritual development, nurturing values such as justice, responsibility, and *tawazun* (balance) (Al-Attas, 1981). For Al-Attas, wealth is not the ultimate goal of human life, but rather a means to achieve higher spiritual and social goals. Economic activity should reflect the broader goals of *maslahah* (public interest) and *guide individuals towards success in the hereafter*. *Justice ('adl)* is central to his vision of a just economic system, in which wealth and resources are distributed equitably, and mechanisms such as *zakat*, *infaq*, *sadaqah*, and *waqf* are actively used to address poverty and inequality (Al-Attas, 1981).

Al-Attas also based Islamic economics on the epistemological principle of *tawhid*, which unites all aspects of life—spiritual, ethical, and material—into one coherent system. An economy founded on *tawhid* avoids exploitation and centers on truth, balance, and accountability. For Al-Attas, business is not merely transactional; it is a moral and spiritual act that reflects the integrity of the Muslim entrepreneur.

Honesty, trustworthiness (*amanah*), justice, and social benefit are indispensable qualities in economic behavior. Finally, Al-Attas underlines the need for economic independence of Muslim communities. He advocates ownership and control of resources at the individual, community, and national levels to protect Islamic values from being compromised by dependence on non-Islamic systems. This includes empowering small and medium enterprises (SMEs) and promoting grassroots economic development as a means to achieve dignity and sustainability within an Islamic ethical framework (Al-Attas, 1981).

These ideas contribute to building a stronger foundation for Islamic economics—one that is not only profit-oriented but also rooted in spiritual, social, and ethical goals. According to Syed Muhammad Naquib al-Attas, Islamic economics is not merely an alternative to the conventional system; rather, it is a holistic and comprehensive economic framework. These principles are highly relevant to the current development of Islamic banking in Indonesia.

Islamic financial institutions should integrate Al-Attas' concept of *ta'dib* (ethical discipline and education), especially in areas such as customer service, avoidance of *riba* and *gharar* (excessive uncertainty), equitable distribution of profits and risks, and economic empowerment through microfinance initiatives.

Solution According to Syed Naquib Al- Attas

Differences of opinion have existed throughout human history and are inevitable, as exemplified by the emergence of the Khawarij after the death of the Prophet Muhammad. Disputes, divisions, and deviations from Islamic teachings have occurred since the early period of Islam. However, the comprehensive nature of Islam offers guidance for all aspects of life, with the ultimate goal of uniting humanity (Al-Attas, 1995).

Naquib Al-Attas argues that Muslims must consistently uphold the principle of *inshaf* (justice or moderation), as long as the differences are not related to fundamental beliefs and come from the same divine source. There is no need for overreaction to these differences. The solution proposed by Al-Attas to increase unity among Muslims is to return to the correct Islamic worldview (Al-Attas, 1981).

Al-Attas emphasized that dealing with human differences requires a balanced and fair approach. He acknowledged that Western science is based on human reason and often adopts a dualistic perspective. Al-Attas, along with Ismail Raji al-Faruqi and Seyyed Hossein Nasr, criticized Western civilization for removing God from the

understanding of nature, which has led to environmental exploitation and degradation (Nasr, 1970).

To realize the spirit of *inshaf*, one must have clarity of heart and wisdom to evaluate issues appropriately—neither underestimating nor overestimating their importance (Al-Attas, 2011). This principle is essential in managing differences of opinion, allowing differing views to be placed in the proper context (Reza Kusuma et al., 2023).

Differences in *fiqh* and *usul al-fiqh* must be addressed through a thorough understanding of the legal reasoning behind them. Similarly, theological differences in *kalam* arise from different intellectual approaches and must be treated with respect. Despite these differences, Muslims share a common worldview that is rooted in Islam. The goal is to emulate the example of the Prophet Muhammad by embodying compassion, mercy, and goodwill. According to Al-Attas, when Muslims apply the Islamic worldview correctly, they will naturally treat one another with kindness and mutual respect.

The Relevance of Syed Muhammad Naquib Al-Attas's Views on Contemporary Islamic Economic and Financial Development

Syed Muhammad Naquib Al-Attas's intellectual contributions, while rooted primarily in philosophy, bear significant implications for the evolution of Islamic economics and finance. His concept of the Islamization of knowledge remains particularly urgent today, as Islamic economic institutions increasingly grapple with the challenge of maintaining their ethical and spiritual integrity amid global capitalist pressures. Al-Attas's emphasis on restoring an Islamic worldview to the heart of knowledge and social systems provides a crucial foundation for rethinking contemporary Islamic finance beyond mere legal compliance.

Central to Al-Attas's vision is the epistemological reorientation of knowledge through the concept of *adab*, which denotes placing things in their proper place, including knowledge and its purposes. He argues that economics, like all sciences, must be rooted in an integrated view of reality where spiritual and ethical dimensions are inseparable from practical concerns. This critique is highly relevant today, as the Islamic finance industry is often criticized for imitating conventional economic models while applying only superficial Shariah-compliant features. In response, Al-Attas's call for a divine-centered epistemology urges a return to values-based economic reasoning, where ethical and moral objectives such as justice, trust, and welfare take precedence over profit maximization (Kosim et al., 2021).

One of the more pressing critiques in contemporary Islamic economics is the mimicking of Western financial practices. Despite its rapid institutional growth, Islamic finance is often seen as economically conventional while being formally Islamic. This tendency results in the widespread rebranding of conventional financial products using Islamic terminology, without altering the underlying economic rationale or societal impacts. Al-Attas warned against such uncritical adoption of Western paradigms, advocating instead for a genuine intellectual disentanglement that prioritizes indigenous Islamic principles. This position aligns with broader calls for Islamic finance to reflect *maqasid al-shari'ah*—the higher objectives of Islamic law—such as equity (*adl*), compassion (*rahmah*), and the public good (*maslahah*) (Mansor Haji Ibrahim, 2019).

Furthermore, Al-Attas's *Tawhidic* worldview provides a powerful ethical paradigm to guide Islamic finance toward broader societal objectives, including sustainability and ecological balance. As global development agendas increasingly emphasize environmental and social governance, there is growing interest in aligning Islamic finance with sustainability initiatives. Yet, without a robust moral compass, these efforts risk becoming instrumental and market-driven rather than ethically transformative. Al-Attas offers an integrative framework wherein sustainability is viewed as part of the divine trust (*amanah*) that humanity bears, linking environmental stewardship directly to spiritual and ethical responsibility (Kosim et al., 2021).

Al-Attas's thought also resonates with Islamic economic instruments aimed at achieving social justice, such as *zakat*, *waqf*, and *qard al-hasan*. These are not merely religious obligations but essential mechanisms for equitable wealth distribution and poverty alleviation. Unfortunately, modern Islamic finance often sidelines these institutions in favor of profit-generating modes of finance. Al-Attas's insistence on intellectual authenticity can serve as a catalyst to re-center these values within financial governance. His work provides a philosophical justification for reforming Islamic financial institutions so they prioritize serving the *ummah* and reducing socio-economic disparities (Anjum, 2022; (Hussain et al., 2012).

Calls for a more systematic reform of Islamic economics are also supported by Al-Attas's critique of the field's methodological dependency on neoclassical economic tools. He advocated for constructing a coherent methodology rooted in the Islamic worldview (*weltanschauung*), emphasizing the unity of knowledge and the moral purpose of economic activity. Such a philosophical foundation would have practical implications—not only for the design of economic policies and financial

products but also for education and research within Islamic economics. Universities, Shariah boards, and policy institutions can draw from Al-Attas's work to move beyond technical compliance and toward substantive transformation (Izhar & Munkin, 2021).

Moreover, Al-Attas's influence is highly relevant to ongoing conversations about rethinking economic growth and human development. Contemporary global discourse on post-growth and ethical finance highlights the limits of GDP-centric progress and the need for multidimensional well-being. Al-Attas's framework provides a theological and philosophical basis for redefining success beyond material indicators, reinforcing the Islamic view that true prosperity includes spiritual elevation, social justice, and communal harmony. This redefinition offers a unique Islamic contribution to the broader ethical finance movement, which includes faith-based investing and alternative economic models around the world.

Conclusion

The dominance of capitalism as the prevailing global economic paradigm has ushered in considerable material progress, yet it has also revealed deep-seated deficiencies, particularly in addressing the moral, spiritual, and psychological dimensions of human well-being. Grounded in a secular worldview, capitalism prioritizes individualism, market efficiency, and profit maximization—often at the expense of social justice, ethical integrity, and mental health. As evidenced by rising suicide rates, growing inequality, and the erosion of communal bonds in developing nations, the capitalist model has failed to provide a holistic and sustainable vision of human welfare.

In contrast, the Islamic economic framework offers a profound alternative, grounded in divine revelation and a unified view of material and spiritual life. This system centers on *falah* (true well-being), justice (*adl*), ethical responsibility, and equitable wealth distribution—principles that foster not only economic balance but also inner peace and social cohesion. Within this context, the contributions of Syed Muhammad Naquib Al-Attas emerge as particularly vital. His call for the Islamization of knowledge, anchored in *tawhid* and the concept of *adab*, provides a robust epistemological and moral foundation for reconstructing economic thought and practice in the Islamic tradition.

Al-Attas challenges Muslim scholars and institutions to critically assess the Western-origin models that dominate Islamic finance today and to pursue reforms that restore authenticity, justice, and spiritual purpose to economic life. His

multidimensional framework—spanning ontology, epistemology, theology, law, and social thought—enables the development of an Islamic economic methodology that is not only academically rigorous but also morally transformative. This vision supports efforts to design Islamic financial institutions that prioritize the public interest (*maslahah*), uphold ethical governance, and address structural inequalities through instruments like *zakat*, *waqf*, and *qard al-hasan*.

Furthermore, Al-Attas's worldview-based critique offers a powerful response to global challenges such as economic disparity, environmental degradation, and cultural dislocation. His vision aligns Islamic economics with contemporary ethical finance movements while preserving its unique spiritual and theological essence. In this regard, his ideas provide both a critique of prevailing systems and a roadmap for meaningful reform.

Ultimately, Al-Attas's intellectual legacy reaffirms that the pursuit of economic progress cannot be separated from moral and metaphysical considerations. His insights underscore the necessity of re-centering Islamic economics on its original purpose: to serve humanity in accordance with divine will, promoting justice, balance, and well-being in both this life and the hereafter. As the world continues to grapple with systemic crises, returning to the philosophical depth and ethical clarity of thinkers like Al-Attas is not only timely but essential for the future of Islamic economic thought and practice.

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