Interest Between Sharia and Capitalism: A Scientific and Historical Critique for Reinterpreting Riba in Contemporary Islamic Thought

الفائدة بين الشريعة والرأسمالية: نقد علمي وتاريخي لإعادة تفسير الربا في الفكر الإسلامي المعاصر

Dr. Muhammad Adel Zaky [1] (1)
(1) Faculty of Law, Alexandria University, Egypt
(muhammadadel1972@gmail.com)

Received: 14/06/2025 *Accepted: 05/09/2025* *Published: 01/10/2025*

Abstract:
This study examines the concept of interest as presented in modern economics, demonstrating that it is merely a reproduction of the usury (riba) explicitly prohibited by definitive texts in Islamic law. The research rejects attempts to separate interest from usury under the guise of "contemporary ijtihad," considering such efforts as expressions of intellectual defeat in the face of Western dominance. The study also exposes the profound transformation in capitalism's structure from production to speculation, which has turned interest into a profit mechanism based on abstract time rather than labor or production, reinforcing the notion of money generating money by itself. Accordingly, the research calls for transcending the dependent economic discourse and restoring the foundational civilizational dimension of Islamic law as a liberating and just project that refuses to reduce humans to mere debtors or consumers.

Keywords: *Riba – Time and Value – Justice – Western Hegemony – Islamic Economic Thought.*

ملخص:

تتناول هذه الدراسة مفهوم الفائدة كما يقدَّم في الاقتصاد الحديث، وتَبين أنه ليس سوى استنساخ للربا المحرَّم نصًّا بشكل قطعي في الشريعة الإسلامية. ويرفض البحث محاولات الفصل بين الفائدة والربا تحت ستار "الاجتهاد المعاصر"، معتبرا هذه المحاولات تعبيرا عن هزيمة فكرية أمام الهيمنة الغربية. كما تكشف الدراسة عن التحول العميق في بنية الرأسمالية من مرحلة الإنتاج إلى مرحلة المضاربة، وهو ما حول الفائدة إلى آلية ربح تقوم على الزمن المجرَّد وليس على العمل أو الإنتاج، مما يعزز فكرة توليد المال للمال بذاته. وبناء عليه، تدعو الدراسة إلى تجاوز الخطاب الاقتصادي التابع واستعادة البعد الحضاري التأسيسي للشريعة الإسلامية بوصفه مشروعا تحرريا وعادلا يرفض اختزال الإنسان في كونه مجرد مدين أو مستهلك.

كلمات مفتاحية: الربا، الزمن والقيمة، العدالة، الهيمنة الغربية، الفكر الاقتصادي الإسلامي.

[1] *Corresponding author.*

1. Introduction:

It is no exaggeration to say that financial interest represents one of the most contentious issues in both religious and economic thought, whether in its historical context or its modern formulations. While the concept of riba—defined as "unlawful excess"—has been consistently and strictly condemned in classical Islamic jurisprudence, modern capitalism has restructured and repackaged it within a financial system that initially centered on production, then shifted toward speculation, making interest one of the most dominant and abstract mechanisms of accumulation.

In the wake of this transformation, numerous attempts have emerged within contemporary Islamic thought to justify interest or distinguish it from riba, often under the banners of "maqāṣid-based ijtihad" or "Islamic economics." Yet, at their core, these efforts reflect an epistemic submission to the symbolic structure of capitalism, and a drive to adapt religious texts to the logic of the market—rather than the reverse.

This study seeks to deconstruct such discourse by re-examining the relationship between interest and riba, not merely from a jurisprudential standpoint, but through the analytical tools provided by political economy, and via a critical reading of the transformations of capital and its mechanisms of accumulation, including its moral and legal history. In doing so, the research aligns with a broader intellectual project that aims to move beyond the false binary of "Islamic" versus "capitalist" economics, and to uncover the ideological foundations on which both notions rest when the standard of justice is absent.

Problem Statement:

This study deconstructs the prevailing duality in contemporary Islamic economic thought, which posits a distinction between the "prohibited riba" and the "permissible interest." It poses a critical question: Is this distinction genuinely grounded in rigorous conceptual and epistemological foundations, or is it merely a justificatory maneuver to accommodate the tools of the capitalist system within a religious discourse alienated from its own origins?

Objectives of the Study:

The study aims to analyze the historical and conceptual structure of interest, demonstrating its essential congruence with riba as defined by Islamic legal texts. It also seeks to expose the ideological and apologetic nature of so-called "contemporary ijtihad," which attempts to legitimize financial capitalism's mechanisms under a religious veneer. Thus, the research is part of a broader critical project that seeks to dismantle the discourse of "Islamic economics" as a rhetorical extension of capitalist hegemony dressed in religious terminology.

Methodology:

This research employs a critical analytical approach, drawing on the intellectual tools of political economy, alongside a historical reading of the foundational

jurisprudential texts related to riba. It further analyzes the transformation of capitalism from a production-based system to one dominated by finance and speculation, in order to understand how riba was dissolved into modern market structures and then re-legitimized through ambiguous religious language.

2. The Legal Nature of Interest in Modern Banking

Beginning in the early sixteenth century, the term deposit began to be used as a cover for the true nature of a relationship that was, in essence, a loan prohibited by ecclesiastical teachings. [1] The disagreement among private law jurists concerning the legal characterization of bank deposits that are authorized for use stems, on the one hand, from the use of misleading terminological language, and on the other, from the absence of sound legal analysis regarding the true nature of the transaction itself.

Although some legislators have resolved the matter using precise language—for instance, the Egyptian legislator, who stated in Article 726 of the Civil Code: "If the deposit consists of a sum of money… and the depositary is authorized to use it, the contract shall be considered a loan"—the problem arises when the same legislator employs the term ownership! This is evident in Article 301 of the Commercial Code, which states: "The bank acquires ownership of the funds", and also in Article 538 of the Civil Code, which expressly declares: "In a loan contract, the lender transfers the ownership of a sum of money to the borrower".

This wording suggests that full ownership of the money is transferred from the lender to the borrower, making it easy to draw conclusions such as that, in the event of the money's loss, the bank bears the loss as the owner by virtue of the legal provision. However, this conclusion is inaccurate. Evidence lies in the fact that money borrowed by the bank is recorded on the liability side of its balance sheet, not under assets. Moreover, the legislator's authorization allowing the bank to settle repayment demands through set-off (compensation) reaffirms that the bank never owned the deposited funds.

Furthermore, if we were to assume that the bank did acquire ownership of the deposited money, the bank's obligation to repay would essentially disappear. Indeed, once ownership is transferred, what would be the legal cause of the bank's obligation to return the previously deposited amount? If we were to claim that the source of obligation is the contract, we would be forced to argue that the origin of the obligation is a gift or a unilateral will—a conclusion that contradicts both legal reality and sound doctrinal reasoning.

Our analysis suggests that delving into the nature of monetary deposits—particularly those accompanied by authorization of use—places us, in essence, before a loan

[1] See: Baudry-Lacantinebie, Albert Wahl, ***Traité théorique et pratique de droit civil: De la société, du prêt, du dépôt*** (Paris: Librairie du Recueil général des Lois et des Arrêtés et du journal du palais, 1898), pp. 423-424.

contract based on the leasing of money, wherein ownership remains with the lender. This lease, by its nature, entails the sale of usufruct and use rights. The sale of these two rights amounts to the sale of a share, or a portion, in an object that perishes through each act of use and exploitation—money perishes through the erosion of its purchasing power.

In this light, we may draw an analogy between a capitalist who builds a house with the intent of renting it out, and another who invests money by lending it to a bank. The former earns profit by selling the right of use and enjoyment to the tenant. Over time, and through repeated use, the house deteriorates until it becomes unfit for either use or enjoyment; with every instance in which the usufruct is sold, the value of the house declines. With each decline in value, the capitalist gradually recovers his capital along with profit, in successive payments.

Similarly, the latter capitalist—who lends money to the bank—earns income from this operation until his funds, having lost their purchasing power over time, become incapable of generating further income. Suppose he had 400 pounds in 1960: he would continue lending this amount to the bank and receiving interest. Each time, he reinvests the accumulated interest along with the same principal, until the 400 pounds lose all real value and can no longer serve as capital to be loaned to the bank. By the year 2010, the original 400 pounds would have entirely deteriorated due to inflation and their inability to generate profit. [1]

Therefore, a monetary deposit with authorization of use constitutes a loan in which bare ownership (nuda proprietas) remains with the lender, while only usufruct and exploitation rights are transferred to the borrower. [2]

On this basis, one may establish that the deposit does not perish at the expense of its owner, but rather at the expense of the bank—even though the bank is not the owner—according to the jurisprudential principle of liability of the craftsman (**ḍamān al-ṣāniʿ**). This is a foundational legal principle developed for the sake of public interest,[3] and it ought to apply a fortiori to banks—not only because the

---

[1] Irving Fisher (1867–1947) provides a description close to this process with the term "capitalization rate," which means the number of years during which an amount of income equal to the capital flows. See: Irving Fisher, ***The Nature of Capital and Income*** (New York: The Macmillan & Co., Ltd, 1906), p. 194.

[2] It is not a defective deposit, as described by Al-Sanhuri. See: Abdel Razzak Al-Sanhuri, ***Al-Waseet fi Sharh Al-Qanun Al-Madani*** [The Medium in Explaining Civil Law]. Revised by Ahmed Al-Maraghi. Alexandria: Mansh'at Al-Ma'arif, 2004. Vol. 5, p. 429.

[3] "Scholars assigned the responsibility to craftsmen and guaranteed them due to necessity and diligence of the people... If they knew they would not be held responsible for damage, they would rush to take people's money. Necessity calls for them." See: Al-Maadani, ***Kashf Al-Qina' 'an Tadmeen Al-Sinaa*** [Unveiling the Mask on the Guarantee of Craftsmen], edited by Muhammad Abu Al-Ajfan (Tunis: Tunisian Publishing House, 1986), pp. 73–78. Al-Shatibi said in ***Al-Muwafaqat***: "The Rightly Guided Caliphs ruled to guarantee the craftsmen. Ali (may God be pleased with him) said: 'People are only fit by this.' The reason for this interest is that people need craftsmen, and they are often absent regarding the goods, and mostly they are negligent and neglectful of preservation. If their guarantee were not established, despite the clear need to use them, this would lead to one of two things: either abandoning commissioning altogether, which is

deposit they utilize yields them benefit, but also because banks represent the stronger and more informed party. It is, in fact, common and well-established for legislators to derogate from general legal rules when a bank is involved in a dispute, as is the case in rules concerning seizure, consumer protection, anti-trust legislation, and so forth.

3. Historical Roots of Usury and the Islamic Perspective

Let us now attempt to reexamine the nature of monetary yield and its historical evolution. Let us begin with the usurer of the ancient East—whether a wealthy individual or a temple priest—who owned money and lent it to those in need, for a specified period and in return for a certain interest. Legislators and rulers frequently intervened to curb the greed of usurers, to regulate the interest rates they charged on loans extended to individuals or even to the political authority itself. [1]

This usurer, who would later evolve into a money changer (ṣayrafī), did not confine his role to interest-based lending. Rather, through this formal transformation, he came to perform all activities related to money—exchange, pledging, and safekeeping[2]—especially for the gold and silver held by individuals, whether ordinary people or merchants. In exchange, he would issue certificates indicating that a certain quantity of metal was held in his custody.

It was not necessary for the depositor to withdraw the metal with every economic transaction; instead, the certificates issued by the money dealers began to circulate among merchants themselves, not only within the domestic economy but also in international trade. Eventually, even the political authority itself became an active participant in the monetary trade.

Up to this historical juncture, usury—as a synonym for interest—was subject to moral and legal condemnation. The texts of the Old Testament, written in the fourth century BCE, explicitly prohibit usurious lending in sweeping terms, much like most of the Babylonian legal codes recorded in the ancient world. [3]

---

harsh on the people; or that they work without guarantee, claiming loss and damage, so money is lost, caution decreases, and treachery occurs. Thus, guaranteeing was in the interest of all." See also: Al-Shatibi, ***Al-I'tisam***, edited by Salim Al-Hilali (Riyadh: Dar Ibn Affan, 1992), Vol. 2, p. 617; Malik ibn Anas, ***Al-Mudawwana Al-Kubra*** narrated by Sahnoon (Cairo: Al-Halabi Publishing and Distribution, 1946), Vol. 3, p. 399; Ibn Rushd, *Bidayat* ***Al-Mujtahid wa Nihayat Al-Muqtasid*** (Cairo: Dar Al-Hadith, 2004), Vol. 4, p. 18; Al-Sarakhsi, ***Kitab Al-Mabsut***, edited by Abdullah Al-Shafi'i (Beirut: Dar Al-Kutub Al-Ilmiyya, 2001), Vol. 15, p. 82; Ibn Qudamah, ***Al-Kafi fi Fiqh Al-Imam Ahmad*** (Beirut: Dar Al-Kutub Al-Ilmiyya, 1994), Vol. 2, p. 184.

[1] For example, Hammurabi's codifier took care to regulate loans and interest in many articles, organizing them in articles 49 to 51, article 66, articles 88 to 91, articles 93 to 96, and article 99. See: ***La Loi De Hammourabi***, pp. 22, 23, 24, 34, 48, 49, 51. Also see: Taha Baqir, *Introduction to the History of Ancient Civilizations* (Beirut: Dar Al-Warraq Publishing, 2012), Vol. 1, pp. 644–645.

[2] Whether these practices were among the Babylonian nations, the ancient Egyptians, the ancient Jews, or in the temples of Rome. See: J. W. Gilbart, ***The History and Principles of Banking*** (London: Longman, Rees, Orme, Brown, Green, and Longman, 1834), pp. 1–11.

[3] It was only for the Jews, while being allowed in the relationship of Jews with others! It is stated in the Book of Deuteronomy: "Do not lend your brother money at interest—interest on money or

In the medieval world, the formulation by Muslim jurists—persisting with rigor over a span of four centuries, from the sixth to the tenth century—produced a coherent theory of ribā (usury). This is particularly significant given that the operation in question (a loan with compensation) is grounded in a concept fundamentally different—and indeed deeper—than the one later adopted by Eurocentric economic theory. Beginning from this different conceptual foundation, the scope of transactions subjected to jurisprudential scrutiny becomes broader than that typically examined by economic science.

Ribā, in Islamic jurisprudence, is based on the phenomenon of increase (ziyāda) in a given object.[1] As a result, the scope of discussion expanded to include all forms of increase that could distort contractual balance or equity in a society governed by the logic of exchange. The concept of ribā includes the pre-Islamic practice whereby one would sell to another on deferred payment, and upon maturity of the term, increase the amount owed in exchange for an extension of time.[2] It also includes early payment in exchange for a reduction in value.[3] Or selling an item at two prices—ten for immediate payment or fifteen for deferred payment.[4] It further encompasses inequality in exchanges involving the same category of goods measured by volume or weight.[5] Even the sale of unripe fruit, or of food before it has been taken into possession, and deficiencies in measure and weight were all brought under the purview of ribā by the jurists.[6]

Ribā, as understood by the scholars of the Sharia—and as we understand it—is any act that results in taking another's wealth without a commensurate return, within a contractual relationship tainted by one of the vitiating defects of will—especially

---

food or anything else that may earn interest. You may charge a foreigner interest, but not your brother, so that the Lord your God may bless you..." (23:19-20) In the Psalms: "The one who walks blamelessly and speaks truth in their heart... does not lend money at interest or take a bribe against the innocent." (15:2,5) In Ezekiel: "The righteous man who does what is just and right... does not lend at interest..." (18:5,8,9). In Exodus: "If you lend money to one of my people among you who is needy, do not treat it like a business deal; do not charge interest." (25:22). In Leviticus: "If your brother becomes poor and cannot pay back, do not charge him interest or profit." (25:35-36). The New Testament aligns with the Old Testament and confirms the prohibition of interest; in Luke: "If you lend to those from whom you expect repayment, what credit is that to you? Even sinners lend to sinners, expecting to be repaid in full." (6:34).

[1] "To increase so-and-so over so-and-so, meaning to add to it. The addition is usury." See: Muhammad ibn Jarir al-Tabari, ***Jami' al-Bayan 'an Ta'wil Ay al-Quran***, edited by Abdullah Al-Turki (Cairo: Dar Hijr for Printing and Publishing, 2001), Vol. 6, p. 7.

[2] See: Abu Mansur al-Maturidi, ***Tafsir al-Maturidi***, edited by Majdi Basloom (Beirut: Dar Al-Kutub Al-Ilmiyya, 2005), Vol. 2, p. 476.

[3] See: Abu Bakr al-Jassas, ***Ahkam al-Quran***, edited by Abdelsalam Muhammad Ali (Beirut: Dar Al-Kutub Al-Ilmiyya, 1994), Vol. 1, p. 566.

[4] See: Abu Bakr al-Abhari, ***Sharh al-Mukhtasar al-Kabir***, edited by Ahmed Abdullah Hassan (Dubai: Dar Al-Ber Society, 2020), Vol. 2, p. 244.

[5] See: Al-Jassas, ***Ahkam al-Quran***, same source, Vol. 1, p. 564.

[6] See: Al-Maturidi, same source, Vol. 6, p. 167; Al-Lakhmi, ***Al-Tabsira***, edited by Ahmed Abdelkarim Najib (Doha: Ministry of Awqaf and Islamic Affairs, 2011), Vol. 6, p. 2767.

exploitation and coercion, particularly moral coercion.[1] Due to the vast range of financial transactions that could fall under the rubric of ribā, the Sharia did not impose a worldly, corporeal punishment (as it did for crimes like murder, theft, or adultery).

Hence, even though the Prophet (peace be upon him) passed away before explaining the final verses on ribā—which ʿUmar is reported to have said were the last to be revealed in the Qurʾān[2]—the Sharia surrounded the practice with the utmost degrees of deterrence. There was prohibition not only against consuming ribā, but also against bearing witness to it, recording it, or feeding others from it. All those involved in the transaction are deemed complicit in sin and aggression, and each partakes of the illicit gain.[3] The intensity of this deterrence reaches its peak with declarations that the consumer of ribā is to be considered an apostate, expelled from the fold of Islam. [4]

And not only was there stern warning, but also a prophetic forecast of the widespread prevalence of this grave sin: a time will come upon people when none will remain untouched by ribā, and even those who avoid consuming it directly will still be affected by its dust. [5]

As a consequence of linking ribā to the concept of "increase" (ziyāda) in this manner, six fundamental outcomes emerged:

First, mutual consent between the contracting parties does not render ribā permissible, as the transaction as a whole pertains to public order in Sharia. This framework does not allow individuals any latitude to agree on terms that contradict it. The mere presence of any abstract form of defect in will (ʿuyūb al-irāda) invalidates the contract.

---

[1] See: Ahmed ibn Faris al-Razi, ***Hilyat al-Fuqaha***, edited by Abdullah Al-Turki (Beirut: United Distribution Company, 1983), p. 125.

[2] See: Al-Tabari, ***Jami' al-Bayan***, edited by Abdullah al-Turki (Cairo: Dar Hijr for Printing and Publishing, 2001), vol. 5, p. 66.

[3] See: Abu Isa al-Tirmidhi, ***Al-Munhiyat***, edited by Muhammad Uthman al-Khisht (Cairo: Maktabat al-Quran for Printing, Publishing and Distribution, 1986), p.141; Abu al-Hasan al-Daraqutni, ***Al- 'Ilal***, edited by Mahfouz al-Rahman Zain Allah (Riyadh: Dar Taybah, 1985), vol. 5, p. 171.

[4] See: Abu Ishaq al-Zajjaj, ***Ma'ani al-Qur'an wa I'rabuh***, edited by Abdul Jalil Shalabi (Beirut: Dar al-Kutub, 1988), vol. 1, p. 359; Sulayman ibn Ahmad al-Tabarani, ***Al-Mu'jam al-Kabir***, edited by Hamdi Abd al-Majid (Cairo: Maktabat Ibn Taymiyyah, 2009), vol. 18, p. 60. And as an intensification of intimidation, fabricated hadiths appeared, as it is said: "... seventy chapters, the least of which is like the one who assaults his mother!" See: Jalal al-Din al-Suyuti, ***Al-Jami' al-Kabir***, edited by Mukhtar Ibrahim al-Ha'ij, Abdul Hamid Muhammad Nada, and Hasan Isa Abd al-Zahir (Cairo: Al-Azhar al-Sharif, 2005), vol. 3, p. 734; Al-Safarini, ***Ghitha' al-Albab*** (Cairo: Cordoba Foundation, 1993), vol. 1, p. 103. The author of ***Tadhkirat al-Mawdu'at*** mentions that it contains fabricated and abandoned narrations. See: Al-Futni, ***Tadhkirat al-Mawdu'at*** (Cairo: Al-Matba'a al-Muniriyyah, 1925), p. 139.

[5] See: Al-Samarqandi, ***Tanbih al-Ghafilin***, edited by Yusuf Badiwi (Damascus: Dar Ibn Kathir, 2000), p. 365.

Second, awareness of the prevailing socially-accepted rate of return does not permit the determination of interest on that basis. The legal ruling in this matter is both definitive in authenticity and meaning (qaṭʿī al-thubūt wa-al-dalāla), and there is no room for deviation from it.

Third, the prohibition of "increase" rooted in impaired will—and thus the disruption of contractual equity—entails, by logical extension (mafhūm al-muwāfaqa), a prohibition on decrease that leads to an unjust infringement upon the financial liability (dhimma māliyya) of one party for the benefit of the other.

Fourth, while the Sharia rejected the disturbance of financial balance through the prior stipulation of a fixed profit, it offered an alternative theory based on profit-sharing between the capital provider (rabb al-māl) and the entrepreneur (muḍārib), according to a fixed percentage, not a fixed amount.[1] The principle in Sharia, therefore, is to specify a share of the profit—if it materializes—and not a predetermined sum that becomes due regardless of whether profit is actually realized, as such stipulation undermines the balance presumed in contractual relationships.

Fifth, there was no longer any need to pursue inquiries into the objective law governing the rate of interest—this, in addition to the Islamic jurisprudential principle that it concerns itself solely with the Sharʿī ruling, not the objective laws underlying a phenomenon. The legal prohibition of ribā eliminates any incentive to explore the mechanisms for determining it.

Sixth, the field was left entirely open for non-Muslims to engage in money-changing and usurious activities—especially the Jews, who had accumulated substantial experience over centuries in such practices. [2]These activities were largely abandoned by Muslims, at least during the early centuries before their economies were integrated into the contemporary global capitalist system as subordinate components. Consequently, the Jews were able to progressively gain control over the levers of national economies in an initial phase, and then over the global economy in a subsequent one.

4. Interest in Eurocentric Political Economy

In Eurocentric economic theory, after money had once been regarded as barren—"money does not beget money," as Aristotle stated—and after the usurer had been considered humanity's greatest enemy after Satan himself, according to Martin Luther, new ideas concerning interest began to take shape. However, these were no

[1] Abu Muhammad al-Baghdadi, ***Majma' al-Dhamanat*** (Cairo: Dar al-Kitab al-Islami, n.d.), p. 303; Uthman ibn Ali al-Zayla'i, ***Tabyin al-Haqa'iq***, with commentary by al-Shalabi (Cairo: Al-Matba'a al-Kubra al-Amiriyyah, 1897), vol. 5, pp. 52-54.

[2] "Money is the passionate god of Israel before whom no other god should exist... The god of the Jews became worldly and usury became the real god of the Jew. His god is mere fictitious usury alone. The mythical nationalism of the Jew is the nationality of the merchant, the man of money in general." See: Marx, ***On the Jewish Question***, translated by Naila al-Salhi (Cologne: Al-Jamal Publications, 2003), p. 56.

longer connected to the concept of increase (ziyāda) rooted in aggression; rather, they were linked to the phenomenon of the use of money itself.

With the commodification of capital extending into the field of economic activity, the traditional suspicion of exploitation was gradually dismissed. This process was accompanied by the steady erasure of the usurer's historically negative image—achieved through the widespread institutionalization of banking and the encasement of its operations in layers of opacity, deception, complexity, and enigma for most of its clientele.

These institutions no longer appeared—at least on the surface—as predatory beasts that devour their prey when it, as is often the case, fails to repay its debts. On the contrary, they came to be portrayed as national institutions playing patriotic roles. They were presented as colossal entities capable, so it is claimed, of setting the national economy in motion when it falters.[1] Thus, the perception of the return they derive from their operations began to shift.[2]

---

[1] The volume of bank loans provided as government debt increased by more than 35% between 2012 and 2023.*The* ***World Bank, Finance and Prosperity*** *2024*, p. 49. On the real role banks play in shaping major capitalist enterprises, appointing their representatives on boards of directors, acquiring major shares of founders' profits, and striving to eliminate competition between enterprises and establish monopolies, with an analysis of the relationship between banking tycoons and industry reflecting the centralization of capital in the industrial field and growth in banking units, see: Paul Sweezy, ***Theory of Capitalist Development: Principles of Marxian Political Economy*** (New York: Monthly Review Press, 1942), pp. 165-169.

[2] Barbon argued that interest is like rent; if rent is the price for leasing land, then interest is the price for leasing capital, and the borrower's paying interest is natural, because he does not borrow money to keep it but to trade with it to gain a return greater than the interest, which represents his profit. See: Nicholas Barbon, ***A Discourse of Trade***, edited by Jacob H. Hollander (Baltimore: The Johns Hopkins Press, 1905), p. 20. J. B. Say also considered the correct term for lending money for a return is *usury* rather than *interest*. The borrower uses the borrowed money to generate profit [we never knew what the solution is in case of loss!] and thus the lender is entitled to a share of the profit gained by the borrower. See: J. Baptiste Say, ***A Treatise on Political Economy*** (Philadelphia: Lippincott, Grambo & Co., 1855), p. 384. Similarly, A. Marshall defended interest as "the lender's share of the profit earned by the borrower." See: A. Marshall, ***Principles of Economics*** (London: Macmillan and Co., 1920), p. 496. Gustav Cassel stated that "interest is paid for the use of capital, not money." See: Gustav Cassel, ***The Nature and Necessity of Interest*** (London: MacMillan, 1903), p. 17; G. Cassel, ***The Theory of Social Economy***, translated by Joseph McCabe, vol. I (London: T. Fisher Unwin Limited, 1923), p. 178. Montesquieu was clear when he stated that lending money is not a charitable act and should be compensated: "L'argent est le signe des valeurs. Il est clair que celui qui a besoin de ce signe doit le louer, comme il fait toutes les choses dont il peut avoir besoin. Toute la différence est que les autres choses peuvent ou se louer ou s'acheter; au lieu que l'argent, qui est le prix des choses, se loue et ne s'achète pas. C'est bien une action très bonne de prêter à un autre son argent sans intérêt: mais on sent que ce ne peut être qu'un conseil de religion, et non une loi civile." Montesquieu, ***De l'Esprit des Lois***. Edited with introduction, notes, and variants by Gonzague Truc (Paris: Editions Garnier Frères, 1956), p. 860. Consequently, it became established in economic science, starting from the idea of "use" (which was later transferred uncritically into some Arab thought), that: "Credit is an economic act, neither charity nor benevolence, and since capital is profitable in the hands of those who manage it well [we never know the solution if it is not profitable!], the borrower, who is entrusted with it,

At the same time, profit came to be assumed as perpetual, without any conscious reflection—if at all—on the source of that perpetual profit, which, for the bank, is invariably generated from the difference between the borrowing and lending interest rates.

Beginning from this revised conception of interest, political economy—as a European intellectual product—set out to define interest on the basis of the prevailing average rate of profit in society.[1]

Richard Cantillon, although he initially viewed the rate of interest in a given country as determined by the relative number of lenders and borrowers—just as prices are determined by the proportional relation between the quantity of goods offered for sale and the quantity of money offered for purchase (i.e., the relative numbers of

must repay the principal plus an agreed interest." See: B. L. Polio, ***Summary of Economics***, translated by Muhammad Hafiz Ibrahim and Khalil Matran (Cairo: Matba'at al-Ma'arif, 1913), vol. 3, pp. 67-68. Interest, starting from the principle of mere "use" not "increase based on flaws of will," is governed by the rule: "One of the principles of natural justice is to give the lender a portion of the profit obtained by the borrower." See: J. W. Gilbart, ***The History and Principles of Banking*** (London: Longman, Rees, Orme, Brown, Green, and Longman, 1834), p. 163. However, we have never known the opinion of natural justice if the borrower cannot make a profit! Instead, we know only ruined homes, displaced families, imprisonment, and seizure rulings for those who dealt with loans from banks. Moreover, the unethical practices of debt collection companies working for banks toward debtors are clearly known.

[1] Here too, the declaration of the end of political economy—implying the abandonment of the average rate of profit formed in production and determined by the law of value, led to attempts to explain interest on the basis of exchange. Marshall denied in the eighth edition of ***Principles of Economics*** the existence of an average rate of profit, asserting it does not exist in his view, so it cannot determine the interest rate. See: Marshall, ***Principles of Economics***, op. cit., p. 276. Under the influence of Jean-Baptiste Say, he distinguished between net interest, which is the income of capital, and gross interest, which includes management profits along with net interest. When Keynes came, he presented his theory of interest as a reward for abstinence (not for waiting)—perhaps he borrowed this idea from William Petty! See: "What is Interest or Use-Money? A Reward for forbearing the use of your own Money for a Term of Time agreed upon, whatsoever your self-need may have of it in the mean while." W. Petty, ***The Political Anatomy of Ireland***. In: ***The Economic Writings of Sir William Petty***, edited by C. H. Hull (Cambridge: Cambridge University Press, 1899), p. 142. He defined interest on two bases: first, the preference for liquidity, i.e., demand for money (whether for transactions, precautionary motives, or speculation—the first two governed by income, the third by interest), second, the amount of money supplied by monetary authorities. See: Keynes, ***General Theory***, op. cit., pp. 82-89. Regarding the endless debates about Keynes's theory of interest, see for example: Bertil Ohlin, "Alternative Theories of the Rate of Interest—Rejoinder," ***Economic Journal***, 1937, pp. 423–27. J. Keynes, "Alternative Theories of the Rate of Interest," ***Economic Journal***, vol. 47, No. 186 (June, 1937), pp. 241-252. A. Lerner, "Alternative Formulations of the Theory of Interest," *Economic Journal*, vol. 48, No. 190 (June, 1938), pp. 211-230. Ralph George Hawtrey, ***Capital and Employment*** (London: Longmans, Green and Co., 1952), p. 295. Scientifically, Keynes's main problem, indeed the problem of all interest theories which disregard the law of value, is that none of these theories clearly specify what exactly they seek! They aim to determine the interest rate but start from a predetermined interest rate! Then they seek to explain its fluctuations up and down without telling us on what basis that price is determined! That is the real issue that should concern them.

buyers and sellers),[1] he ultimately adopted the average rate of profit as the determinant of interest. This is evident in his assertion that the price of a commodity produced by an entrepreneur who owns capital consists of the expenses of the entrepreneur and his workers, the value of the materials used, and profit. As for the entrepreneur who lacks capital, he borrows money and consequently forgoes his profit to the lender. [2]

This renunciation of profit, according to Cantillon, can only be understood on the basis of the assumption that the rate of interest aligns with the socially prevailing rate of profit.[3] Adam Smith was entirely clear when he stated that:

"The ordinary rate of interest, which the usual market price of it ought to bear to the ordinary rate of profit, necessarily varies with the rise or fall of profit".Adam Smith, ***An Inquiry into the Nature and Causes of the Wealth of Nations***, Book 2, Chapter 9, p. 234) [4]

Ricardo also stated explicitly that:

---

[1] See: R. Cantillon, ***Essay on the Nature of Trade in General***, Translated, Edited, and with an Introduction by A. E. Murphy. Indiana: Liberty Fund, 2015.

[2] See: "... abandoning his profit to anyone who will lend money to him..." Cantillon, ***Essay***, p. 159.

[3] Therefore, Cantillon advised the prince and state officials regarding the regulation of the interest rate, stating that it should "be based on the highest market level or close to it; otherwise, the law will be ineffective, since the contracting parties, governed by market bargaining or the current rate determined by the ratio of lenders to borrowers, will enter into secret agreements, and this legal restriction will only disrupt trade and raise interest rates." See: Cantillon, Ibid., pp. 163–169.

[4] Cassel wrote, with unjustified confidence, in his book ***The Theory of Social Economy***: "The main thesis of the Socialist theory of value was that value is a commodity equal to the quantity of labour which it costs to produce it under normal conditions. This quite arbitrary thesis, utterly opposed to the facts, naturally excludes in advance not only interest itself but the possibility of any rational theory of interest. As it leaves no room for an objective study of the pricing process, it makes it impossible to investigate interest as a price forming part of this process. Any theory of interest based on that thesis can be pronounced in advance to be nonsensical and has no claim to be regarded as a scientific performance. A science that in this respect makes concessions to the scholasticism of Karl Marx does not know what it is doing." G. Cassel, ***The Theory of Social Economy***, Translated by Joseph McCabe, Vol. I (London: T. Fisher Unwin Limited, 1923), pp. 182–183. By affirming in this way that the arbitrary value thesis of Socialist theory, and Marx in particular, prevents any rational theory of interest, Cassel simultaneously confirms his own arbitrariness in understanding the scientific formation of the law of value within economic science. Value is not a Socialist or Capitalist discovery, nor does it belong to the realm of ideology; rather, it is a scientific law revealed by the founding fathers of political economy, Marx being one of those who completed this scientific process. Those like Cassel and all who followed him, who attempt to disregard the law of value and its rationality, have no connection to science. They claim to seek an understanding of how interest rates are determined. The truth, as mentioned, is that they speak only of fluctuations around a pre-established rate, completely ignoring the necessity of scientifically determining that rate itself before examining its fluctuations and oscillations. Determining this rate requires delving deeply into the phenomenon to uncover the scientific law governing it, which economic theory cannot do anymore since the proclaimed end of political economy.

"The rate of interest is, in the last resort and constantly, governed by the rate of profit*".(Ricardo,* ***Principles of Political Economy and Taxation****,* Chapter 21, p. 234)

Marx did not differ from his predecessors in defining interest according to the prevailing rate of profit; rather, he developed their idea with greater clarity when he argued that:

"Interest is nothing but a portion of the profit, which the industrial capitalist has to pay to the money-capitalist... Hence, the maximum limit of interest is marked by the total profit... Interest rises and falls with the general rate of profit... It is the division of the capitalist class into money-capitalists and industrial capitalists that transforms a portion of profit into interest, and that produces the category of interest in general. It is the competition between these two classes of capitalists which determines the rate of interest".(Marx, ***Capital***, Vol. III, Part V, Ch. 22, pp. 516, 522) [1]

However, the analysis conducted by political economy of the monetary return as a single process—that is, the process of interest in its traditional and simplified form—has prevented it from adequately grasping the true nature of the return obtained by the bank. For while we may know that the rate of interest is determined in accordance with the prevailing average rate of profit, we do not know why the bank receives 4% rather than 3% or 6%.

The bank, for instance, borrows £100 at an interest rate of 18%, and lends it out at a rate paid by the borrower of 20%. Accordingly, the average rate of profit is estimated at 20%.[2] In this case, the bank obtains 2% on its entire invested capital. Yet political economy, within this compound operation involving borrowing and lending, did not concern itself with analyzing the nature of the monetary differential the bank appropriates.

To understand this nature, one must revisit the very doctrine of political economy concerning the determination of merchant's profit. The industrial capitalist relinquishes part of his profit to the merchant—whether wholesale or retail—not out of charity or affection for the latter, but because the merchant serves as a distribution outlet for the capitalist's commodity. Were the capitalist to both produce and sell the commodity directly to the consumer via his own distribution channels, he would secure the entire average rate of profit. Yet, it is typically more advantageous for

[1] "There is... no natural rate of interest in the sense that economists speak of a natural rate of profit and a natural rate of wages." See: Marx, *Capital*, same source, p. 522. However, if Marx was correct in defining interest by the socially prevailing average rate of profit, it is incorrect to say, as he did, that no natural rate of interest exists. Because, as we have said, interest is determined by the average rate of profit, the natural rate of profit must be the same as the natural rate of interest for the same quantity of capital. And since profit is not uniform across sectors, interest is therefore determined by the highest rate of profit at the social level.

[2] This is what political economy should have meant by defining interest according to the socially prevailing average rate of profit, because in reality, there are two interest rates, not one.

him to delegate the task of retailing to another class of capitalists—namely, the commercial capitalists—and to focus solely on the process of production.

Therefore, he finds himself compelled to cede part of the surplus value—which would otherwise have gone entirely into his own pocket—to the capitalist who undertakes the task of selling on his behalf. The commercial capitalist, in turn, must obtain this portion of profit—predetermined in value—relative to the amount of capital invested, and must do so with minimal expenditure.

By the same logic, the lender of money must forgo a portion of the profit he would otherwise be entitled to in full, according to the socially prevailing average rate of profit, when he hands over his money to the borrower. Just as the commercial capitalist is a distribution outlet for the industrial capitalist, the borrower is merely an operator of the lender's money. Thus, the lender relinquishes part of his profit in exchange for this operation.

Accordingly, the bank's implicit message to its pool of potential depositors is that it can operate their funds at the highest possible return with the lowest possible deduction from that return. The bank itself must then secure, for its own benefit, this relinquished portion of the total surplus value, and do so with minimum cost—just as the merchant does in order to obtain the specified portion of surplus value which the industrial capitalist cedes to him as a distribution agent.

5. The Collapse of Meaning: Interest as Riba

Thus, based on a clear scientific standard, it can be asserted with certainty that what is referred to as "interest" in modern financial literature is none other than Riba—explicitly prohibited in Islamic law by texts that are unequivocal in both meaning and authenticity, admitting neither ambiguity nor interpretive latitude. This prohibition does not fall within the realm of speculative jurisprudence open to ijtihad, but rather lies at the very core of the Sharia's normative system, making its violation tantamount to a departure from the foundational logic and holistic spirit of the Islamic legal order.

Yet the Muslim mind, having for the past five centuries been subjected to the overwhelming and prolonged influence of modern European thought, found itself—as a subordinate and captivated consciousness—desperately attempting to redefine what is, by its nature, not open to redefinition. Some have sought to lift the prohibition on interest not through rigorous refutation or conceptual reconstruction, but through the importation of a captive discourse—one that has itself failed to define interest after it became detached from the law of value, ever since industrial capitalism was transformed into speculative financial capitalism.

In the globalized imaginary, interest has become not merely accepted but regarded as a "right"—a return supposedly due simply for the temporary relinquishment of liquidity, as if money could generate more money without human mediation or productive activity, as if time alone were capable of accumulating value!

Such a circumvention of the text, this manipulation of intent, and these absurdities cloaked in the guise of "contemporary ijtihad" are nothing but manifestations of internalized defeat. They must be deconstructed and resisted—not only by returning to the texts, but by returning to history itself: to that epic movement that founded the Sharia as an expression of a comprehensive value system—one that does not reduce the human being to a consumption machine or a permanently indebted subject.

In this civilizational moment, the recovery of understanding cannot be separated from the recovery of consciousness, and it cannot be realized except through a return to the roots of the Islamic project in its pure form—before it was engulfed by waves of Westernization which, while materially successful in producing distorted technological progress, failed to deliver justice

6. Conclusion:

This study has demonstrated that the financial interest legitimized in modern Islamic discourse is, in essence, a rebranding of riba, divorced from its historical and jurisprudential context. The evolution of capitalism into a speculative regime has only deepened this contradiction.

The research calls for a radical re-engagement with the foundational principles of Islamic law, not as a set of fixed rules, but as a liberating ethical project. Only through such a reconnection can Islamic economic thought resist the internalized hegemony of global capitalism.

7. Bibliography

*Al-Abhari, Abu Bakr. **Sharh al-Mukhtasar al-Kabir**. Edited by Ahmed Abdullah Hassan. Dubai: Dar Al-Ber Society, 2020.*

*Al-Daraqutni, Abu al-Hasan. **Al-ʿIlal**. Edited by Mahfouz al-Rahman Zain Allah. Riyadh: Dar Taybah, 1985.*

*Al-Futni. **Tadhkirat al-Mawdu'at**. Cairo: Al-Matbaʿa al-Muniriyyah, 1925.*

*Al-Jassas, Abu Bakr. **Ahkam al-Qur'an**. Edited by Abdelsalam Muhammad Ali. Beirut: Dar Al-Kutub Al-Ilmiyya, 1994.*

*Al-Lakhmi. **Al-Tabsira**. Edited by Ahmed Abdelkarim Najib. Doha: Ministry of Awqaf and Islamic Affairs, 2011.*

*Al-Maadani. **Kashf Al-Qina' ʿan Tadmeen Al-Sinaaʿ**. Edited by Muhammad Abu Al-Ajfan. Tunis: Tunisian Publishing House, 1986.*

*Al-Maturidi, Abu Mansur. **Tafsir al-Maturidi**. Edited by Majdi Basloom. Beirut: Dar Al-Kutub Al-Ilmiyya, 2005.*

*Al-Razi, Ahmed ibn Faris. **Hilyat al-Fuqaha'**. Edited by Abdullah Al-Turki. Beirut: United Distribution Company, 1983.*

*Al-Samarqandi. **Tanbih al-Ghafilin**. Edited by Yusuf Badiwi. Damascus: Dar Ibn Kathir, 2000.*

Al-Sanhuri, Abdel Razzak. ***Al-Waseet fi Sharh Al-Qanun Al-Madani****, Vol. 5. Alexandria: Monshʾat Al-Maʿarif, 2004.*

Al-Shatibi. ***Al-Iʿtisam****. Edited by Salim Al-Hilali. Riyadh: Dar Ibn Affan, 1992.*

Al-Tabari, Muhammad ibn Jarir. ***Jamiʿ al-Bayan ʿan Taʾwil Ay al-Quran****. Edited by Abdullah Al-Turki. Cairo: Dar Hijr, 2001.*

Al-Tirmidhi, Abu Isa. ***Al-Munhiyat****. Edited by Muhammad Uthman al-Khisht. Cairo: Maktabat al-Quran, 1986.*

Al-Zajjaj, Abu Ishaq. ***Maʿani al-Qurʾan wa Iʿrabuh****. Edited by Abdul Jalil Shalabi. Beirut: Dar al-Kutub, 1988.*

Barbon, Nicholas. ***A Discourse of Trade****. Edited by Jacob H. Hollander. Baltimore: The Johns Hopkins Press, 1905.*

Baudry-Lacantinerie, and Albert Wahl. ***Traité théorique et pratique de droit civil****: De la société, du prêt, du dépôt. Paris: Librairie du Recueil général des Lois et des Arrêtés, 1898.*

Baqir, Taha. ***Introduction to the History of Ancient Civilizations****, Vol. 1. Beirut: Dar Al-Warraq Publishing, 2012.*

Cantillon, Richard. ***Essay on the Nature of Trade in General****. Translated and edited by A. E. Murphy. Indiana: Liberty Fund, 2015.*

Cassel, Gustav. ***The Nature and Necessity of Interest****. London: MacMillan, 1903.*

*———****The Theory of Social Economy****. Translated by Joseph McCabe. Vol. I. London: T. Fisher Unwin Limited, 1923.*

Exodus, Book of. The Holy Bible.

Fisher, Irving. ***The Nature of Capital and Income****. New York: The Macmillan & Co., Ltd, 1906.*

Gilbart, J. W. The History and Principles of Banking. London: Longman, Rees, Orme, Brown, Green, and Longman, 1834.

Ibn Qudamah. ***Al-Kafi fi Fiqh Al-Imam Ahmad****. Beirut: Dar Al-Kutub Al-Ilmiyya, 1994.*

Ibn Rushd. ***Bidayat Al-Mujtahid wa Nihayat Al-Muqtasid****. Cairo: Dar Al-Hadith, 2004.*

Keynes, John Maynard. ***The General Theory of Employment****, Interest and Money. London: Macmillan, 1936.*

Leviticus, Book of. The Holy Bible.

Malik ibn Anas. Al-Mudawwana Al-Kubra. Narrated by Sahnoon. Cairo: Al-Halabi Publishing and Distribution, 1946.

Marshall, Alfred. ***Principles of Economics****. London: Macmillan and Co., 1920.*

Marx, Karl. ***Capital****, Vol. III. Translated by David Fernbach. London: Penguin, 1991.*

*———****On the Jewish Question****. Translated by Naila al-Salhi. Cologne: Al-Jamal Publications, 2003.*

Montesquieu. ***De l'Esprit des Lois****. Edited by Gonzague Truc. Paris: Editions Garnier Frères, 1956.*

Petty, William. ***The Political Anatomy of Ireland****. In The Economic Writings of Sir William Petty, edited by C. H. Hull. Cambridge: Cambridge University Press, 1899.*

Psalms, Book of. ***The Holy Bible****.*

Ricardo, David. ***Principles of Political Economy and Taxation****. London: John Murray, 1817.*

Say, Jean-Baptiste. ***A Treatise on Political Economy****. Philadelphia: Lippincott, Grambo & Co., 1855.*

Smith, Adam. ***An Inquiry into the Nature and Causes of the Wealth of Nations****. London: W. Strahan and T. Cadell, 1776.*

Sweezy, Paul. ***The Theory of Capitalist Development: Principles of Marxian Political Economy****. New York: Monthly Review Press, 1942.*