

Redefining Economic Thought: Ethical, Sustainable, and Pluralist Paradigms

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Abstract

Traditional economic models rooted in neoclassical theory often overlook ethical, ecological, and spiritual dimensions vital for comprehensive human development. This study redefines economic thought by synthesizing insights from classical political economy, ecological economics, and Islamic economic theory—particularly the framework of *maqāṣid al-sharīʿah*. Utilizing qualitative document analysis of scholarly works and institutional publications, the research critiques the market-centric paradigm and proposes an integrative alternative. Findings reveal that incorporating normative values enhances economic resilience and inclusivity, particularly in the face of systemic crises and environmental challenges. The proposed model supports a transition from growth-oriented indicators like GDP toward multidimensional measures of welfare, justice, and sustainability. This interdisciplinary redefinition contributes theoretically by expanding the boundaries of economic science and practically by offering actionable frameworks for policymaking, especially in culturally diverse contexts. The study urges scholars and institutions to adopt pluralist methodologies and embed ethics in economic discourse, fostering more equitable and sustainable futures.

Keywords

pluralist economics; Islamic economic theory; ecological sustainability; ethical governance; *maqāṣid al-sharīʿah*

INTRODUCTION

Economic thought has historically evolved alongside the transformations of human civilization, reflecting the complexities and priorities of each era. Classical and neoclassical economic theories, developed during the industrial age, prioritize efficiency, productivity, and market equilibrium. These theories became dominant in shaping global economic systems and policies (Blaug, 1992, p. 14; Heilbroner, 1986, p. 87). However, the limitations of this conventional economic model have become increasingly evident in the face of

21st-century challenges such as environmental degradation, inequality, and financial instability (Stiglitz, 2010). The recent global financial crises and climate emergencies have exposed the fragility of a growth-centric economy and the inadequacies of conventional models to account for ecological and ethical dimensions (Polanyi, 2001, p. 76; Daly & Farley, 2004, p. 21).

The theoretical significance of rethinking economic paradigms lies in expanding the epistemological boundaries of the discipline. The rise of ecological economics, feminist economics, and Islamic economics suggests the emergence of pluralist perspectives that critique the reductionist nature of mainstream theories (Sen, 1999; El-Ghazali, 1994, p. 65). These alternative frameworks emphasize well-being, justice, and sustainability, proposing metrics that extend beyond GDP and utility maximization. Empirically, multiple international initiatives, such as the UNDP's Human Development Index and the World Bank's focus on inclusive growth, have endorsed multidimensional approaches to development (World Bank, 2006; UNDP, 2010). Such shifts reflect a growing consensus on the inadequacy of traditional models and the urgency for holistic alternatives.

While diverse economic schools offer rich critiques, there remains a gap in integrating these paradigms into a coherent framework that can guide practical policy and ethical governance. Existing literature often treats these alternative models in isolation, lacking an analytical synthesis that bridges normative values with empirical realities (Friedman, 2008, p. 104; Nienhaus, 2011). Moreover, the role of ethics, particularly from religious and philosophical traditions such as Islam, is often underexplored in mainstream discourse. The concept of *maqāṣid al-sharī'ah*, for instance, offers a multidimensional approach to human welfare encompassing faith, intellect, progeny, wealth, and life (Chapra, 2000, p. 22). Integrating such frameworks may yield novel insights for redefining economic goals and methods.

Against this backdrop, the study poses the following research questions: (1) How can economic paradigms be reconceptualized to accommodate ecological and ethical concerns? (2) What role can Islamic economic principles play in shaping a multidimensional economic model? (3) How can interdisciplinary integration facilitate the formulation of inclusive and context-sensitive economic policies? These questions aim to unravel the theoretical and practical implications of redefining economics through a pluralist and ethical lens.

The objective of this research is to construct a comprehensive framework that reconciles normative values with empirical economic analysis, thereby contributing to an inclusive and sustainable model of economic thought. By analyzing classical, modern, and alternative economic theories, the study underscores the significance of interdisciplinary integration and ethical

orientation. The relevance of this research extends to scholars, policymakers, and development practitioners seeking viable alternatives to the dominant market-centric paradigm.

LITERATURE REVIEW

A substantial body of economic literature critiques the limitations of neoclassical economics, particularly its emphasis on market efficiency and rational choice devoid of social and environmental contexts. Scholars such as Daly and Cobb (1994, p. 56) argue that the reliance on GDP and utility as metrics fails to capture human well-being and ecological balance. Similarly, Sen (1999) introduces the capabilities approach, shifting the focus from income to real freedoms that individuals enjoy. These foundational critiques laid the groundwork for the emergence of heterodox schools such as ecological economics, which prioritizes sustainability over growth, and feminist economics, which brings attention to unpaid labor and care economies often overlooked in mainstream analyses (Nelson, 2006).

The interdisciplinary expansion of economic inquiry has also embraced theological and philosophical dimensions, particularly in the context of Islamic economics. Islamic scholars have articulated models grounded in ethical imperatives and social justice, emphasizing the prohibition of interest (*ribā*), wealth redistribution through *zakāh*, and contractual fairness (Siddiqi, 1981, p. 114; El-Ghazali, 1994, p. 38). These principles align closely with the concept of *maqāṣid al-sharī'ah*, which aims to preserve essential human values. While Western models often separate economics from ethics, Islamic economics integrates them, proposing a normative structure within which market activity must operate (Chapra, 2000, p. 51). Despite the richness of these perspectives, literature remains fragmented, calling for an integrative framework that combines insights from multiple disciplines into a unified paradigm of economic thought.

THEORETICAL FRAMEWORK

The first theoretical foundation employed in this study is classical political economy, which originally sought to understand the production and distribution of wealth within a broader moral philosophy context. Thinkers like Adam Smith emphasized not only market mechanisms but also the ethical and institutional foundations of economic life (Smith, 1976, p. 423). Over time, political economy evolved to examine how power, class, and institutions shape

economic outcomes (Marx, 1977, p. 104). This perspective is crucial for understanding how economic paradigms reflect underlying social contracts and historical conditions, allowing the study to situate contemporary shifts within long-term structural transformations.

A second foundational concept is derived from ecological economics, which challenges the neoclassical model's assumption of infinite growth and resource availability. Daly and Farley (2004, p. 82) argue for a steady-state economy grounded in biophysical limits and environmental justice. Ecological economics views the economy as a subsystem embedded within the finite biosphere, emphasizing sustainability over growth. This model contributes an indispensable lens through which economic objectives must be assessed against environmental constraints, thereby reinforcing the argument for redefining economic priorities.

The third theoretical pillar is Islamic economic theory, particularly the framework of *maqāṣid al-sharī'ah*. This theory offers a value-laden alternative to secular models by focusing on the comprehensive well-being of individuals and society. According to Chapra (2000, p. 77), Islamic economics integrates ethics, law, and economics to promote justice, equity, and social responsibility. It discourages exploitative practices and encourages wealth circulation through mechanisms like *zakāh* and *sadaqah*. This integration of morality and markets provides a unique model of economic behavior that addresses both material and spiritual dimensions of welfare.

A final component of this study's framework is interdisciplinary synthesis, which involves combining multiple theoretical traditions to develop a pluralist economic model. Scholars such as Norgaard (1994) and Sen (1999) advocate for methodological pluralism, which enhances explanatory power and policy relevance. By drawing on diverse epistemologies—including religious ethics, environmental science, and critical social theory—this study constructs a framework that transcends disciplinary silos. This theoretical plurality is essential for understanding the multifaceted nature of contemporary economic challenges and designing inclusive policy responses.

PREVIOUS RESEARCH

One of the earliest critical examinations of economic thought comes from Myrdal (1960), who challenged the objectivity of economic analysis by highlighting the role of values and ideologies. His work argued that economics cannot be a purely empirical science detached from normative judgments, a stance that laid the foundation for future interdisciplinary approaches. This

contribution is significant for this study, which seeks to reintegrate ethical considerations into economic theory.

Sen's (1970) work on collective choice and social welfare introduced a philosophical dimension into welfare economics, questioning the utilitarian underpinnings of neoclassical theory. He proposed alternative evaluation criteria that prioritize freedom and capabilities, forming the basis for the human development approach adopted by international institutions. This study builds on Sen's ideas by exploring how similar ethical frameworks, such as *maqāṣid al-sharī'ah*, can enhance multidimensional assessments of welfare.

In the 1980s, Siddiqi (1981) advanced Islamic economic theory by formalizing principles of *sharī'ah*-compliant finance and market ethics. His model emphasized equity, justice, and prohibition of *ribā*, setting a distinct path from Western economic thought. This research draws from Siddiqi's foundational work to incorporate normative Islamic principles into an integrated economic model.

Daly and Cobb (1994) published a landmark work on ecological economics that advocated for a shift from growth to well-being, arguing that GDP is an inadequate measure of progress. They proposed alternative indicators that account for environmental and social costs. This aligns with the present study's aim to redefine economic success through sustainability metrics and ethical values.

El-Ghazali (1994) synthesized Islamic principles with development economics by proposing a framework based on *maqāṣid al-sharī'ah*. He emphasized the importance of moral considerations in shaping economic objectives and policy tools. This work directly informs the theoretical orientation of this study, which aims to incorporate such normative dimensions into mainstream economic discourse.

Lastly, Stiglitz (2010) provided an institutional critique of global capitalism, particularly in light of financial crises. He argued for regulatory reforms and policy innovations that prioritize equitable development. While largely grounded in secular thought, his emphasis on justice and redistribution complements the ethical foundations proposed in Islamic economics.

Together, these studies contribute rich insights but remain somewhat isolated within their respective traditions. The gap lies in the lack of a coherent synthesis that unifies these diverse perspectives into a practical and ethical economic model. This study addresses that gap by integrating political, ecological, and religious-economic theories to formulate a comprehensive redefinition of economics.

RESEARCH METHODS

The type of data used in this research is qualitative and conceptual, consisting primarily of textual and interpretive sources. This includes classic and contemporary economic texts, religious jurisprudence documents, peer-reviewed journal articles, and institutional publications. Such data allows for a deep exploration of theoretical paradigms and ethical dimensions that are not easily quantifiable (Strauss & Corbin, 1998, p. 45; Creswell, 2003, p. 21). Through a qualitative lens, this study emphasizes understanding over measurement, particularly as it relates to values, sustainability, and multidimensional welfare.

The data sources were drawn from internationally recognized academic and institutional repositories. These include economic theory books, scholarly articles from journals such as the *Journal of Economic Issues* and *Ecological Economics*, and official publications from the UNDP, IMF, and World Bank. Islamic economics sources were taken from foundational works by scholars such as Chapra (2000, p. 17) and El-Ghazali (1994, p. 41). Relying on established literature ensures both credibility and relevance, especially given the historical and philosophical depth required by the topic.

For data collection, the method employed was document analysis, which involved a systematic review of written content across economic disciplines. This technique allows the researcher to extract thematic patterns and philosophical arguments embedded in the texts (Bowen, 2009). Documents were selected based on their contribution to economic theory, interdisciplinary relevance, and publication before 2012 to ensure historical consistency. Literature was categorized and annotated to identify emerging themes relevant to ethical economics, sustainability, and religious integration.

The data analysis employed thematic interpretation and hermeneutic analysis. Thematic analysis enabled the grouping of ideas into broad categories such as justice, sustainability, and pluralism. Hermeneutics was used particularly for interpreting Islamic texts and principles, allowing the integration of religious and economic meanings (Gadamer, 1989, p. 312). This dual strategy ensured both depth and breadth in capturing the normative undercurrents within economic theories. Thematic triangulation with secular and Islamic paradigms enhanced the robustness of the findings.

Conclusion drawing involved synthesizing findings across various theoretical frameworks to formulate a new economic model grounded in ethical pluralism. The study did not aim to propose an entirely new theory but rather to redefine the boundaries of existing paradigms. Through iterative reading and conceptual

comparison, it became evident that a redefinition of economics is both necessary and feasible through interdisciplinary integration (Patton, 2002, p. 72). The results aim to serve as a conceptual platform for policymakers and scholars interested in ethical and inclusive economic governance.

RESULTS AND DISCUSSION

The redefinition of economics, as proposed in this study, begins with an acknowledgment of the limitations embedded within the neoclassical paradigm. Conventional economic models prioritize efficiency and profit maximization, yet overlook essential dimensions such as justice, environmental balance, and spirituality (Sen, 1999; Daly & Farley, 2004, p. 19). The theoretical framework constructed from political economy, ecological economics, and Islamic ethics enables a multidimensional analysis that reclaims these neglected aspects. Drawing from classical sources and contemporary critiques, this study initiates a dialogue across disciplines to re-center economic thought on holistic human well-being rather than abstract market rationality (Blaug, 1992, p. 67; Chapra, 2000, p. 24).

While ecological economists call for sustainability and steady-state models, Islamic economists emphasize equity and *maqāṣid al-sharī'ah*—objectives of the law that aim to protect human dignity, life, and wealth. This convergence is particularly instructive: both schools advocate limits on consumption, ethical constraints on markets, and redistribution mechanisms. By aligning these values, this research constructs an integrated model that is both analytically robust and normatively rich. New expert interpretations suggest that economic redefinition should not seek a singular universal model, but instead foster pluralism tailored to contextual realities (El-Ghazali, 1994, p. 49; Stiglitz, 2010). This general narrative now transitions into detailed thematic discussions guided by the research questions.

Human-Centric Economics and Sustainability

Addressing the first research question, this section explores how economic paradigms can be reconceptualized to include ethical and ecological concerns. The traditional view that market equilibrium equates to societal welfare has been widely challenged (Daly & Cobb, 1994, p. 34; Norgaard, 1994). This study finds that redefining economics necessitates replacing GDP as the central metric with multidimensional indicators of human development and sustainability. For

instance, the Human Development Index (HDI) and Genuine Progress Indicator (GPI) better capture well-being beyond income levels (UNDP, 2010).

Ethical economics from an Islamic perspective resonates with this shift by embedding justice, trust, and balance as economic principles. The Quranic notion of *mīzān* (balance) reflects environmental harmony, reinforcing Daly's ecological constraints (El-Ghazali, 1994, p. 59). Both paradigms reject the commodification of nature and call for restrained consumption. Furthermore, the recognition of *ḥuqūq al-ʿibād* (rights of the people) implies social obligations often overlooked in neoliberal economics (Chapra, 2000, p. 61).

New scholarly perspectives affirm that integrating values into economics does not weaken objectivity but rather enhances policy relevance. The pluralist turn in economic methodology, as advocated by Norgaard (1994) and Nelson (2006), supports the synthesis of ecological, social, and ethical data. This thematic synthesis demonstrates that reconceptualization is not only viable but urgently needed in light of global sustainability crises.

Islamic Economic Ethics as Framework for Welfare

This subsection addresses the second research question by examining the role Islamic economic principles can play in shaping a multidimensional model. Islamic economics offers a cohesive framework grounded in *sharīʿah* that fuses legal, moral, and economic dimensions. Core instruments like *zakāh*, *sadaqah*, and waqf serve both redistributive and developmental roles, targeting poverty, inequality, and public welfare (Siddiqi, 1981, p. 131).

The study finds that *maqāṣid al-sharīʿah* functions as a moral compass, guiding policy to ensure that economic decisions uphold life, intellect, property, progeny, and faith. This holistic aim contrasts with utility maximization in mainstream economics (Chapra, 2000, p. 74). Moreover, the prohibition of *ribā* and emphasis on risk-sharing foster financial stability and ethical entrepreneurship—traits increasingly valued in post-crisis financial reforms (El-Ghazali, 1994, p. 67).

Islamic economic ethics also expand the meaning of wealth beyond material possession to include social harmony and spiritual fulfillment. This reconceptualization supports Amartya Sen's argument that economic development should enhance substantive freedoms (Sen, 1999). Therefore, Islamic economics does not merely critique neoclassical models—it provides a constructive, operational alternative grounded in enduring values and applicable in modern contexts.

Interdisciplinary Synthesis for Inclusive Economics

In response to the third research question, this section explores how interdisciplinary integration fosters context-sensitive and inclusive economic models. The study synthesizes diverse economic schools and ethical traditions into a pluralist framework that adapts to local and global realities. This approach draws from Norgaard's (1994) epistemological pluralism and complements it with ethical norms derived from Islam and ecological science.

The resulting model acknowledges that no single paradigm can resolve the complex, interconnected crises of the 21st century. By combining the justice-centric lens of Islamic economics with the sustainability focus of ecological economics and the institutional critique of political economy, this framework addresses both means and ends of economic life. Practical applications include hybrid financial systems, multidimensional poverty assessments, and participatory governance mechanisms (Daly & Farley, 2004, p. 114; Chapra, 2000, p. 88).

New expert perspectives argue that policy relevance improves when ethical and local values are embedded in economic models. The pluralist integration not only bridges theoretical gaps but also enhances the legitimacy of economic policies in diverse sociocultural settings. This section concludes that redefining economics through interdisciplinary synthesis leads to a more inclusive, adaptable, and resilient global economic order.

CORE FINDINGS AND PATHWAYS FORWARD

This study has addressed the three guiding research questions through an integrated and interdisciplinary approach. First, by reconceptualizing economics to prioritize sustainability and ethics, the research challenges the dominance of neoclassical models that marginalize ecological and social dimensions. Drawing from ecological economics and human development theory, it establishes the need for new indicators—such as the Human Development Index and *maqāsid*-based frameworks—that emphasize well-being over mere growth (Daly & Cobb, 1994, p. 27; Chapra, 2000, p. 61). Second, it demonstrates how Islamic economic principles, grounded in *sharī'ah* objectives, offer practical mechanisms and ethical orientations that can enhance justice and financial stability. Instruments like *zakāh*, risk-sharing contracts, and waqf institutions exemplify how Islamic norms can be institutionalized to ensure inclusive development (Siddiqi, 1981, p. 122; El-Ghazali, 1994, p. 54).

Finally, the integration of diverse economic paradigms creates a pluralist model adaptable to contextual needs. This theoretical fusion allows for the construction of economic systems that are both ethically anchored and empirically responsive. The findings highlight the originality of this approach in its ability to reconcile normative frameworks with analytical tools, particularly through the methodological pluralism advocated by Norgaard (1994). Theoretically, this contributes to expanding the boundaries of economic science, allowing for a redefinition that is culturally relevant, morally grounded, and environmentally sustainable. Practically, the study informs policy development in areas such as Islamic finance regulation, multidimensional poverty assessment, and ethical investment strategies. As economic systems continue to face global volatility and systemic inequality, these integrative insights offer a viable roadmap for future scholarship and policymaking.

CONCLUSION

This research has redefined the concept of economics by constructing a framework that integrates ethics, sustainability, and pluralist methodologies. It has shown that the dominant neoclassical paradigm, with its emphasis on utility and growth, is insufficient to address contemporary challenges such as inequality, ecological degradation, and ethical discontent. By engaging critically with classical political economy, ecological economics, and Islamic economic theory, the study has demonstrated the value of interdisciplinary synthesis in formulating a more holistic and context-sensitive model.

The findings confirm that economic redefinition must go beyond technical adjustments to embrace moral and spiritual dimensions. The alignment between ecological ethics and Islamic principles—both emphasizing justice, stewardship, and community—validates the theoretical framework employed. Moreover, the pluralist integration of methodologies has produced an original contribution that enables scholars and practitioners to reimagine economic systems in ways that are adaptive to local values and global responsibilities.

Recommendations emerging from this study are both practical and forward-looking. Policymakers should adopt multidimensional welfare indicators and embed ethical principles into economic governance. Institutions in Muslim-majority countries can operationalize *maqāṣid al-sharīʿah* through financial instruments and legal reforms that ensure justice and equity. Future research should further explore hybrid models that combine local epistemologies with global sustainability goals, thereby enriching the discourse and practice of economics in the 21st century.

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