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Economic Islamism as a strategy of political legitimation in Iran

Abstract

This paper analyses economic Islamism based on the Iranian experience after the 1979 Revolution, focusing on the theocratic conception of power formulated by Ayatollah Ruhollah Khomeini in his doctrine of Velayat-e Faqih. According to this doctrine, the preservation of the Islamic state takes precedence over any religious duty or moral imperative. The research asks whether the Islamisation of the economy constitutes a viable model of economic organisation or whether, on the contrary, it operates as an ideological strategy aimed at legitimising political power. To this end, the tensions between Islamic economics and modern social sciences are examined. The study is based on a comparative documentary analysis, supported by the analysis of primary and secondary sources. The study concludes that economic Islamisation in Iran does not offer a solid alternative to current economic systems. Instead of promoting inclusive and sustainable development, the model has tended to consolidate structures with authoritarian and exclusionary features, limiting innovation, restricting epistemological pluralism and favouring increasing social fragmentation, which poses serious challenges for the articulation of more just, inclusive and rational economic models.

Keywords

Islam, Economy, Velayat-e Faqih, Taqiyya, Social sciences

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1 Introduction

This research offers an analysis of economic Islamism, focusing on the case study of Iran after the 1979 Revolution. The starting point is the conception of political Islam formulated by Ayatollah Khomeini in *Velayat-e Faqih* (1970). According to this doctrine, the state is one of the fundamental principles of Islam, and this guiding principle prevails over all others (Khomeini, 1999).

Various authors have questioned this Islamisation of the social and economic sciences, from the imposition of religious authorities without academic training in university and administrative spaces to the restriction of critical debate. In the words of Sorush (2010), 'this Islamisation aims to be the last trench against secularisation', as it lacks methodological support by not incorporating modern analytical tools. In this context, the exclusion of dissenting voices favours a discursive monopoly that hinders the advancement of scientific thought. The official perspective, as pointed out by Khamenei (2009)[1] , accuses Western social sciences of being based on materialism and atheism. This position seems to reflect more a fear of political secularisation than a solid epistemological alternative.

Political Islam, as has been the case throughout history with other religions and states in the past, has been linked to expansion by force. According to Zarrinkub (1957), conquered peoples were reduced to conditions of civil and social inferiority, and the Muslim faith determined access to property and basic rights. This logic finds continuity in certain currents of contemporary Islamism, where concepts such as jihad and struggle are interpreted by some groups as legitimate means to achieve spiritual rewards and consolidate political and economic influence.

In this context, the Islamic economy is presented as an alternative to current economic systems, although it has not yet developed its own method based on scientific criteria. The study of economic Islamism is relevant because it proposes a unique model that aims to present itself as an alternative to contemporary economic systems, but which in practice generates profound contradictions between theory and reality. The Iranian experience illustrates how, in certain contexts, the subordination of the economy to religious and political priorities can contribute to the emergence of structural challenges in development, as well as to phenomena of social exclusion and institutional weakness. Furthermore, academic analysis of this model opens up a broader debate on the relationship between religion, politics and economics in contemporary contexts.

In this context, the question guiding this research is: to what extent can the process of Islamisation of the economy in Iran be considered a viable model of economic organisation, or does it mainly respond to an ideological strategy aimed at legitimising and maintaining political power? To answer this question, the work is structured through an analytical progression from the general to the specific.

1 'Many disciplines in the humanities are based on philosophies founded on materialism and disbelief in divine and Islamic teachings. Teaching them causes a lack of faith in divine and Islamic teachings' (Khamenei, 2009).

Following the introduction, the methodological approach used and the criteria for selecting primary and secondary sources are presented. Next, the theoretical and historical framework situates economic Islamism in relation to the classic debates on religion and economics. On this basis, the text develops three blocks of analysis: first, the tension between Islamic economics and modern social sciences; second, concrete economic practice in Iran, with special attention to the financial system, property, and the patronage network; and third, the ideological foundations and their structural consequences, synthesised through comparative tables. Finally, the discussion and conclusions summarise the main findings, contrasting them with alternative models and proposing lines of future research.

2 Methodological approach

This research adopts a comparative and analytical approach to economic Islamism in Iran, contrasting official discourse with its practical application in the post-revolutionary context. This approach allows us to identify the tensions between religious ideology and economic rationality, as well as the structural consequences that derive from this contradiction.

From a methodological point of view, a documentary analysis of primary sources is used, including speeches by religious leaders, the Constitution of the Islamic Republic of Iran, legal texts and institutional communiqués, as well as secondary sources such as specialised academic literature, critical studies and contributions by Iranian and Western authors. This strategy allows for an analysis of economic Islamism as a device for political legitimisation, beyond its doctrinal formulation.

The methodological approach is part of the tradition of ideological and discursive analysis, based on the premise that economic practices are deeply linked to the symbolic and normative frameworks that underpin them (Thompson, 1990). From this perspective, it is argued that economic Islamism is not an economic theory in the strict sense, but rather an ideological construct aimed at normalising the economy from a theological perspective. To address this dimension, tools of critical discourse analysis (Fairclough, 1992) are used to explore how power relations, exclusion and legitimisation are articulated in political-religious language.

A historical-comparative perspective is also incorporated, which allows economic Islamism to be contextualised in relation to other models of economic organisation such as liberalism and centralised planning, as well as experiences of modernisation in other Muslim countries. To this end, analytical criteria have been established that structure the comparison around key thematic axes, such as the conception of property, the principle of scarcity, the role of the state, the inclusion of minorities, the epistemology of knowledge and the instrumentalisation of coercion in processes of political-religious legitimation. These criteria are applied systematically in the comparative tables included in sections 5 and 6, allowing us to visualise the structural differences between the Iranian model, economic liberalism, centralised planning, and other religiously based moral economies such as the Catholic and Protestant models and economic Buddhism.

This methodological strategy not only facilitates the identification of ideological patterns, but also enriches the analysis by placing economic Islamism in a broader framework of normative alternatives. This comparison does not seek to establish normative hierarchies, but rather to highlight the possible structural limitations of the Iranian model in the face of contemporary challenges of inclusion, efficiency and pluralism.

The theoretical framework draws on classical and contemporary authors who have reflected on the relationship between religion, economics and power. Weber (1905) contributes the notion of religious rationalisation, which is useful for understanding how certain doctrines can influence economic organisation. Polanyi (1957) introduces the concept of the 'embeddedness' of the economy in social and cultural structures, which allows us to analyse the subordination of the economic to the religious in Islam. Robbins (1932) defines economics as the science that studies the allocation of scarce resources, which is key to critically evaluating the denial of scarcity in Islamist discourse. Finally, Huerta de Soto (2005) offers a liberal perspective on the role of business, market efficiency and the risks of ideological interventionism, which allows us to understand the practical consequences of the Iranian model.

This methodological approach allows us to analyse economic Islamism not only as a normative doctrine, but also as a system of power that affects economic rationality, social inclusion and institutional viability. The combination of empirical analysis, theoretical reflection and comparative contrast seeks to offer an evaluation of the Iranian model, in dialogue with contemporary social sciences and with the principles of justice, pluralism and rationality that guide modern economies.

In terms of the source selection strategy, priority has been given to those with a direct impact on the institutionalisation of the model after the 1979 revolution. In the case of secondary sources, academic studies published in indexed journals and monographs of recognised prestige, by both Iranian and Western authors, were selected. The validity criteria were based on theoretical relevance, the topicality of the debate and presence in international academic literature. This dual selection sought to ensure a balance between the internal voice of Islamism and external critical perspectives. In the case of Iranian authors, priority was given to intellectuals with a recognised track record in the debate on the Islamisation of knowledge. Likewise, critical voices from within the Iranian system itself have been incorporated, providing access to an internal and nuanced view of the phenomenon under study. This choice seeks to avoid an exclusively exogenous or Westernised reading of economic Islamism and to ensure a balanced analysis that considers both doctrinal justifications and objections raised by contemporary Islamic thought.

3 Theoretical and historical framework

This section develops the theoretical and historical framework within which economic Islamism is situated, in order to place the object of study within the broader academic debates on the relationship between religion and economics. First, it presents the general theoretical foundations that, from sociology, anthropology and secularisation theory, have enabled us to understand the role of religion in shaping economic life. These classical and contemporary approaches, from Weber and Durkheim to Casanova, Polanyi and Iannaccone, provide an indispensable conceptual background for interpreting the emergence of economic Islamisation projects. Secondly, the specific context of Iranian Islamism is addressed, analysing the ideological formulations that underpin it, in particular the theocratic conception of power defended by Khomeini, the practice of *taqiyya (ketman)*, the logic of religious exclusion and the proposal for a third economic way developed by Al-Sadr (1961). This overview provides an understanding of both the historical roots and the normative nature of the Islamic economy in Iran, paving the way for an examination, in the following sections, of contemporary critiques of its scientific and practical viability.

3.1 General foundations

The relationship between religion and economics has been the subject of reflection since the origins of modern social sciences. The classics of sociology and economics have already emphasised that economic systems cannot be understood in isolation, but are deeply conditioned by the values, beliefs and institutions of each society. In this sense, economic Islamism can be understood as part of a broader debate on the role of religion in shaping social life and, in particular, in organising economic activity.

Weber (2001), in his famous work *The Protestant Ethic and the Spirit of Capitalism*, showed how certain religious values, such as work ethic, asceticism and the moral rationalisation of everyday life, had a decisive influence on the emergence of modern capitalism. For Weber, Calvinist Protestantism contributed to generating an attitude towards work and accumulation that made possible the development of a rationalised, profit-oriented economic system. Although the Islamic case is very different, Weber's approach invites us to consider how religious conceptions can legitimise or condition certain forms of economic organisation. Durkheim (1993), for his part, analysed religion as a total social fact that structures collective life, generating norms, values and solidarity. From this perspective, religion not only influences the economy indirectly, but also constitutes the basis for forms of cooperation and redistribution. The notion of 'mechanical solidarity' (Durkheim, 1893) can help us understand how, in traditional contexts, religion articulates economic practices that reinforce group cohesion. This concept is based on the idea of social cohesion in traditional or primitive societies, where individuals share very similar values, beliefs, customs and roles. Durkheim contrasts mechanical solidarity with organic solidarity, which appears in modern, industrialised societies. In these societies, cohesion is based on the interdependence between individuals with specialised and differentiated functions. Collective consciousness is weaker, but cooperation occurs out of mutual necessity.

Later, Parsons (1966) revisited this line of thinking to propose that economic systems are always embedded in a normative-cultural framework that legitimises institutions and guides social action. According to Parsons, religions offer a system of values that stabilises expectations in economic exchange, reinforcing trust and cooperation. This is particularly relevant in the case of Iran, where religion acts not only as a moral framework but also as the organising principle of the economic-political system.

The literature on secularisation also provides a useful framework for understanding the Islamisation of the economy. According to Berger (1967), modernity tends to reduce the role of religion in social life, shifting its influence to the private sphere. However, as Casanova (1994) has pointed out, this process is neither linear nor irreversible: in many contexts, religions have responded to modernity through processes of 'deprivatisation', that is, by actively reinserting themselves into public and political life. Islamism can be interpreted as a reaction of this kind: in the face of secular modernisation, it seeks to reinstate religion as the guiding principle of social organisation, including the economy. From this perspective, the Islamisation of the economy in Iran is not an isolated phenomenon, but part of a global dynamic in which religions are reclaiming their ability to order social life in the face of the challenges of modernity.

In parallel, economic anthropology offers tools for understanding the specificity of economic Islamism. Polanyi (1957) argued that in pre-modern societies, the economy was embedded in social, political and religious institutions, and that it was only in modernity that a progressive separation between economy and society took place. Dalton (1976) and other authors expanded on this idea, showing that categories such as 'scarcity', 'market' and 'efficiency' are historical constructs, not universal realities. Islamic economics, being based on normative and religious principles, can be understood as an attempt to maintain this relationship, refusing to accept the autonomy of the economy as a separate sphere.

Another relevant approach is that of the economics of religion, developed in recent decades from rational choice theory. Iannaccone (1998) argues that religious behaviour can be analysed using the same tools as other areas of social action, considering individuals as agents seeking to maximise spiritual and social benefits in relation to costs and constraints. From this perspective, religious institutions can operate strategically to preserve the loyalty of believers, offering symbolic goods in exchange for obedience and material contributions. Applied to the Iranian case, this framework allows us to interpret economic Islamism not only as a moral doctrine, but also as a mechanism for controlling and mobilising resources for the benefit of religious elites.

Contemporary political theory has also addressed the link between religion and economics. Authors such as Habermas (2008) have highlighted the persistence of religion in the public sphere, pointing out that, far from disappearing, religions continue to offer frameworks of meaning that influence social and economic debates. In this context, Islamism represents a particular form of 'public religion' which, beyond contributing values, seeks to directly regulate economic and political organisation.

Taken together, these perspectives allow us to broaden the theoretical framework of economic Islamism in Iran. From Weber to Casanova, via Polanyi and the economics of religion, we can see that the articulation between religion and economics is not an Islamic anomaly, but a recurring possibility in various historical contexts. What is distinctive about Iranian Islamism is that it takes this articulation to its ultimate conclusion, subordinating the economy to religious principles and using it as a central component in the construction of political legitimacy.

3.2 Foundations of economic Islamism

Economic Islamism, as articulated in Iran since the 1979 revolution, is based on a theocratic conception of power that guides all spheres of social life, including the economy, towards religious principles, subordinating its functioning to religious authority. This vision finds its most influential formulation in the work of Ayatollah Khomeini, particularly in his political-legal treatise *Velayat-e Faqih* (1970). According to Kadivar (2023), the absolute guardianship of the jurist (*velayat-e faqih al-mutlaqa*) maintains that the jurist has broad powers in the administration of society, with the aim of applying the religious principles of Islam. From this perspective, the jurist can even suspend religious, moral or legal norms if he deems it necessary to preserve the interests of the Islamic state. In this model, the government of the religious guardian takes precedence over other normative sources, including religious, moral or constitutional laws. This interpretation of *velayat-e faqih* represents a particular view of Ayatollah Khomeini and some of his disciples, implemented after the Islamic Revolution of 1979 and maintained by his successor in the current Islamic Republic of Iran. Kadivar criticises this conception as incompatible with the principles of justice, rationality and popular sovereignty present in Islamic thought, and for favouring a concentration of religious power with authoritarian features.

The logic of political Islamism is articulated around a series of key concepts that contribute to justifying the subordination of different social spheres to religious power. One of the most relevant is that of *taqiyya (Ketman)*, traditionally understood as 'dissimulation' and deception in defence of Islam, but which in the context of the Iranian regime has been reinterpreted as a tool of governance. This practice, which originally served to protect Shiite minorities from persecution, has evolved into a political strategy that allows tensions between religious discourse and institutional practice to be managed. In the name of preserving Islam, certain discursive ambiguities are tolerated, dissent is restricted and ethical principles are relaxed, raising questions about the normative coherence of the model. As Khomeini (1999) points out, 'when Islam is in danger, everything is permitted', a statement that has been interpreted by some sectors as legitimising the relaxation of certain ethical principles in order to preserve the Islamic order. According to various perspectives, this logic has contributed to the emergence of dynamics that affect institutional transparency, erode social trust, and weaken the economic fabric.

Faith, in this context, is not limited to a spiritual experience, but acquires a political dimension by becoming a criterion for inclusion or exclusion within the political-economic system. Only those who demonstrate loyalty to the regime have preferential access to resources, jobs and rights, while non-Muslims or those considered doctrinally deviant are treated with restrictions that limit their full participation in public life (Lewis, 2002). In this context, the economy is configured as an instrument of ideological consolidation, geared more towards guaranteeing the hegemony of political Islam than towards social welfare. This contradiction becomes evident when contrasting the promises made by Khomeini himself upon his return from exile in 1979, when he assured that, under the new Islamic order, the most disadvantaged sectors would have free access to water, electricity and transport (IranWire, 2021). These social promises, aimed at garnering popular support, were subsequently displaced by a more restrictive political-religious project. Khomeini's famous phrase, 'We did not make a revolution to lower the price of melons [...]' (Dabashi, 2006), clearly summarises the primacy of ideological objectives over material demands, revealing a conception of economic power subordinate to the consolidation of the theocratic regime.

This subordination of economic power is also reflected in the Iranian Constitution. For example, Article 43 prohibits waste, while Article 49 establishes situations in which property can be confiscated, not only that obtained through procedures considered illegal by Westerners, but also through usury or uncultivated land. Property, in this framework, is not conceived as a right, but as a divine grace (*Farrah-ye Izadi*), a privilege that can be taken away by the political-religious authority. After the 1979 Revolution, this conception served as justification for confiscating not only the property of the Shah's family, but also that of all individuals or legal entities that the new regime considered to have collaborated in some way with the deposed monarch. This conception raises a question about long-term planning: if there are no guarantees of property rights, what is the point of working and accumulating assets to pass on to future generations? Thus, it becomes clear once again how the economy is subordinated to the ideological objectives of the regime, rather than to the material well-being of the population.

The historical roots of this concept date back to an idealisation of the Islamic past, especially the Arabia of the Prophet Muhammad. The ideologues of economic Islamism, such as Al-Sadr, have attempted to construct an Islamic economy based on principles drawn from medieval contracts and the commercial practices of early Islam. In his work *Our Economy*, Al-Sadr (1961) proposes a third way between liberalism and centralised planning, based on social justice, the prohibition of usury (*riba*) and the redistribution of wealth. However, this proposal has methodological limitations with regard to modern economic institutions. As some approaches in economic anthropology point out, pre-modern economies did not know concepts such as competitive markets, productive efficiency or profit maximisation (Polanyi, 1957; Dalton, 1976). Islamic economics, according to its advocates, is based on religious texts and the idealisation of social structures that no longer exist in the contemporary context.

3.3 Contemporary debates on the Islamisation of the economy

Having reviewed the general foundations of the relationship between religion and economics, as well as the ideological basis of economic Islamism in the Iranian case, it is pertinent to address the debate that this model has sparked in academia.

The idea of Islamising the sciences emerged in the 1980s, when Hosseini founded the Academy of Islamic Sciences with the aim of incorporating Islamic principles into various disciplines, from economics to physics. Hosseini argued that the experimental sciences and modern humanities, developed in Western contexts, reflect a worldview centred on human interests rather than the search for universal truth. He therefore considered that Western knowledge is not neutral but oriented towards specific ends, and that it should be reformulated in the light of an epistemology inspired by Islamic values. This proposal poses an epistemological challenge by attempting to reconcile contemporary scientific knowledge with normative frameworks derived from religious tradition (Ladier-Fouladi, 2024).

Amoli Larijani (Jamaran, 2018), current president of the Expediency Discernment Council of the Islamic Republic of Iran, argues that the thesis of the impartiality of science corresponds to an outdated conception, typical of 18th-century Enlightenment thinking. In his opinion, it is unfeasible to separate science from values or ideology, since all forms of knowledge are influenced by the beliefs and cultural conditions in which they are produced. He therefore defends the possibility of Islamising the sciences, arguing that even in the West, currents such as Hans-Georg Gadamer's hermeneutics have questioned the positivist idea of a completely objective or neutral science (Gama, 2021). From this perspective, the Islamisation of knowledge would not be considered a failure, but rather a long-term philosophical and theological project that requires greater investment and academic development.

In contrast, former Iranian President Rouhani takes a critical stance on the division between Islamic and non-Islamic sciences. For him, science is a universal field that does not depend on ideologies or religious beliefs, and he considers it inappropriate to seek the origin of each discipline in the Qur'an or Islamic traditions. Rouhani is ironic about attempts to formulate an 'Islamic physics' or 'Islamic chemistry', pointing out that disciplines such as mathematics, physics and algebra are governed by their own laws that transcend doctrinal differences (Flaquer, 2024).

This debate reflects two opposing views within contemporary Iranian thought: on the one hand, the theological and culturalist position of Amoli Larijani, who defends an epistemology anchored in religious values (Ladier-Fouladi, 2024); and on the other, the rationalist and pragmatic stance of Rouhani, who defends the autonomy of scientific knowledge from ideology. Ultimately, this discussion reveals a structural tension in the Islamic Republic's project: the search for an 'Islamic' scientific identity in a globalised environment marked by Western epistemological paradigms (Flaquer, 2024).

These conflicting views are also reflected in the economic sphere and in public life. On the one hand, traditional fundamentalists and conservatives, who control vast resources through foundations or *bonyads* and contributions from places of worship, are reluctant to embrace any form of market economy. On the other hand, pragmatic conservatives and so-called 'liberals', although dependent on the state, do not exercise the same degree of control over resources, which makes them more inclined towards open-minded positions—within the narrow margins allowed by the Iranian system, of course.

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Derakhshan (Hadana, 2015), founder and president of the Faculty of Islamic Sciences and Economics at Imam Sadiq University, argues that the main problem lies not in the Islamisation of the economy, nor in the need to transform Islamic jurisprudence, but in modern economic sciences themselves and the way in which specialists approach these issues. From his perspective, the difficulty lies in economists' lack of adaptation and deep understanding of Islamic principles, rather than in the rigidity of religious law itself. This view argues that, in order to move towards a truly Islamic economy, it is essential for economic experts to develop a more integrated and contextualised knowledge, rather than attempting to modify the theoretical foundations of economics or jurisprudence. Various intellectuals, both inside and outside Iran, have pointed out the epistemological and methodological limitations of the project of Islamising knowledge, as well as its possible effects on scientific and social development. These reflections allow us to put the viability of the Islamic economic model into perspective and understand it not only as a normative proposal, but also as a political device that presents significant internal tensions.

The lack of methodological rigour has been analysed by numerous Iranian intellectuals. For Sorush, an Islamic economy cannot be limited to reproducing formulas inherited from the past, but must be subjected to empirical and analytical evaluation. Otherwise, he warns, it runs the risk of becoming a dogmatic discourse that hinders independent thinking and consolidates a closed ideological vision. Along the same lines, Moghadami (2014) has pointed out that the appointment of religious authorities without academic training to university and administrative positions has 'stifled the social sciences', hindering the construction of a pluralistic and rigorous debate on the country's economic challenges. This reflection is echoed by Ayatollah Alavi Boroujerdi (EcoIran, 2023), who argues that Islamic economics 'is not classified as a science and does not possess scientific characteristics', as it tends to shift 'what is' towards 'what should be', which hinders its empirical evaluation and limits its development as an autonomous discipline. According to Boroujerdi, economics in Islam must be based on reason and the rational behaviour of intellectuals, filtered through the general principles of Sharia law. Although he acknowledges the existence of some religious guidelines (approximately twenty economic principles), he believes that most decisions should be based on experience and practical logic. Boroujerdi also questions the authority of religious leaders in economic matters, emphasising that Islamic jurisprudence can establish ethical standards but cannot generate scientific knowledge in the strict sense. Within this framework, he advocates delegating economic management to experts and proposes moving towards a rational economy based on principles shared by wise minds, beyond ideological labels.

One of the most recurrent observations about Islamic economics focuses on the tension between its rejection of the notion of scarcity and the practice of wealth accumulation by certain privileged sectors. From a doctrinal perspective, Islam maintains that divine creation guarantees abundance and that scarcity is not a real economic problem, but rather an ideological construct of capitalism (Al-Sadr, 1961). This view is reflected in the figure of *Homo Islamicus*, an individual who trusts in providence and directs his economic actions towards the fulfilment of religious duties rather than the rational maximisation of resources. According to Furqani and Echchabi (2022), this economic agent is defined by his ethical responsibility, his orientation towards collective well-being and his obedience to revealed principles, in contrast to the individualism of *Homo Oeconomicus*. However, as Moghadami (2014) and Kuran (2008) have pointed out, in practice Islamist regimes promote the concentration of wealth in the hands of religious figures and merchants allied with power, generating exclusion and social inequality. Thus, the rejection of scarcity as a scientific category coexists with a system of privileges and wealth accumulation that calls into question the principles of distributive justice proclaimed in official discourse. On the other hand, as Rudnyckyj (2011) warns, neither *Homo Oeconomicus* nor *Homo Islamicus* exist *a priori*; both are effects of specific historical configurations. To claim that one of them represents true human nature may limit the development of a scientific economy.

In short, the theoretical and historical framework of economic Islamism in Iran reveals a deep tension between religious ideology and the demands of the modern economy. Contemporary authors such as Sorush, Alavi Boroujerdi and other reformists have pointed out these contradictions, and in particular Yousefi and Abizadeh, in *An Essay on Economics and Ideology: The Case of Iran*, have analysed how many of the economic problems following the Revolution cannot be explained solely by structural factors, but are conditioned or intensified by an ideology that shapes social and economic orders beyond pragmatic criteria. From this perspective, it can be seen that under ideological influence, principles of efficiency are sacrificed, income distribution is distorted, and collective welfare objectives are subordinated to political-religious goals, to the detriment of more universal scientific and economic approaches. These observations not only highlight the internal tensions of the model, but also open the door to a broader reflection on the need to de-ideologise the economy and recover its scientific, pluralistic and common welfare-oriented dimension.

4 Islamic economics vs. social sciences

The emergence of Islamic economics as an autonomous discipline within political Islam has sought to offer an alternative to existing economic systems. However, this proposal has generated significant tensions with modern social sciences, especially with regard to its methodology, its conception of the economic subject and its relationship with epistemological pluralism. The result has been an ideologised economy with little connection to the fundamental principles of economic science and difficult to reconcile with the analytical frameworks of contemporary social sciences.

According to Al-Sadr (1961), Islam proposes an economic model based on principles of social justice, redistribution of wealth and the prohibition of usury (*riba*). This conception, however, is constructed mainly from a normative interpretation of religious texts, rather than from an empirical theory supported by a systematic methodological apparatus. As Kuran (2008) points out, Islamic economics did not initially emerge as a scientific discipline in the strict sense, but rather as an ideological response aimed at counteracting the cultural and economic influence of the West and strengthening the role of religious leaders in Muslim societies. In this context, its evolution has been deeply intertwined with political dynamics rather than conventional scientific developments.

By adopting a critical stance towards some of the fundamental tenets of modern economics, Islamic economics occupies a unique position within the spectrum of social sciences. One of the most significant points of tension lies in its rejection of epistemological pluralism. The so-called 'Islamisation of knowledge' tends to privilege a unified worldview based on specific interpretations of Sharia law, which can limit the incorporation of alternative approaches. Sorush (2010) interprets this attitude as a manifestation of concern about the effects of secularisation and critical thinking.

In the case of Iran, the implementation of this vision has had significant implications for the development of the social sciences. Several studies point out that the emphasis on a single ideological perspective has contributed to an environment marked by censorship, self-censorship and restrictions on academic freedom, hindering the production of rigorous and pluralistic knowledge (Rahbari, 2024). This situation has limited the country's ability to generate accurate economic diagnoses, design evidence-based public policies, and establish independent evaluation mechanisms. As a result, academic institutions run the risk of prioritising ideological reproduction over scientific research (Beidollahkhani, 2025).

From a theoretical point of view, Islamic economics faces additional challenges. In many cases, it lacks a systematic theory of value, capital, or the market that would allow it to accurately address contemporary economic phenomena. Its categories tend to be normative or ethical in nature, and its discursive style is closer to a doctrinal exposition than to analytical argumentation. As Polanyi (1957) points out, pre-modern economies did not develop formal economic theories, as they did not face phenomena such as inflation, unemployment or economic growth. In this sense, Islamic economics, based on principles derived from different historical contexts, faces difficulties in responding to the challenges of a globalised, complex and technologically advanced economy.

The divergence between Islamic economics and modern social sciences is also evident in their epistemological foundations. While the latter are based on empirical observation, the formulation and testing of hypotheses, and peer review, Islamic economics relies on the exegesis of sacred texts and the authority of religious scholars. This difference transcends the methodological and reaches the ontological: for certain Islamist approaches, true knowledge is revealed, eternal and sacred, in contrast to the scientific view that conceives it as contingent, revisable and subject to debate. Sorush (2010) summarises this perspective by pointing out that 'Islamisation seeks to deduce the social sciences from Islamic texts, arguing that everything necessary for human beings exists in those texts'. This conception can hinder the development of a critical, open and pluralistic economic science.

The limited scope for epistemological pluralism also has political implications. The Islamisation of the economy is not limited to an intellectual project, but can function as a strategy for legitimising power. By presenting Islamic economics as the only legitimate form of economic organisation, public debate is restricted and the space for dissent is reduced. As Huerta de Soto (2005) warns, systems that limit free human interaction and entrepreneurial initiative tend to generate dynamics of inefficiency, corruption and repression. The figure of the *Wali Faqih*, or supreme leader, represents a synthesis between religious authority and economic control. According to Namazi (2005), this figure possesses a legitimacy of divine origin that allows him to intervene in all areas of economic life, giving the state a predominant and exclusive role in the management of resources. This concentration of power can hinder the development of competitive markets, innovation and economic autonomy, thus perpetuating a structural dependence on the state apparatus.

Against this backdrop, the social sciences offer an alternative based on empirical analysis, diversity of approaches and the exercise of rational criticism. Economics, as a scientific discipline, cannot be reduced to religious morality or political ideology. Its object of study is human action in contexts of scarcity, and its purpose is to understand the mechanisms that allow for the efficient and equitable allocation of resources. As Robbins (1932) points out, economics does not prescribe ends, but analyses the means to achieve them. Confusing economics with ethics or religion implies ignoring its specificity as a social science.

In this context, Sorush's (2010) position takes on particular relevance. For this author, the Islamisation of knowledge not only represents an epistemological limitation, but also a threat to intellectual freedom. Science, he argues, requires an environment where plurality of ideas and the possibility of dissent are not only allowed, but encouraged. By avoiding dialogue with other schools of thought, Islamic economics runs the risk of becoming a closed system, unreceptive to criticism and interdisciplinary exchange.

This tension between a revealed epistemology, characteristic of political Islamism, and an empirical epistemology, characteristic of modern social sciences, poses significant challenges. As Weber (1905) warned, the rationalisation of social life requires empirical methods and verifiable criteria, which are incompatible with an exclusive dependence on religion. Polanyi (1957) complements this view by pointing out that economics, as an institutionalised activity, must be analysed in its historical and cultural context, which requires an epistemological openness that can hardly coexist with dogmatic approaches. These tensions not only affect the theoretical formulation of Islamic economics, but also have practical implications, as evidenced by Iran's economic experience since the 1979 revolution.

The following section will examine in greater detail the institutional and macroeconomic effects of this approach in Iran, including the banking system, patronage networks and public policies, with the aim of illustrating the empirical consequences of the Islamisation of knowledge.

5 Economic practice in Iran

Based on the logic developed in section 3, we now propose to examine a series of indicators and specific practices that allow us to evaluate the implementation of

Islamic economics in Iran: macroeconomic performance, the structure of the financial system, patronage networks, and regional comparisons.

The economy on which the Islamic Republic of Iran regime is based combines three fundamental pillars: the traditional *bazaar* economy; the powerful economic groups linked to the *bonyads*—some of them inherited from the Shah period, such as the Reza Pahlevi Foundation—; and a strong dependence on revenues from hydrocarbon exports. This hybrid economic structure reinforces the political control of the clergy and conservative elites, while limiting the development of an autonomous and competitive private sector.

The country's economic experience under political Islam reveals significant tension between the normative principles proclaimed by the Islamic Republic and the operational dynamics observed in practice. Although the 1979 Iranian Constitution establishes that the economy should serve as an instrument for the spiritual and social development of human beings, in practice it has tended to play a functional role in institutional consolidation, ideological alignment and the preservation of certain structures of influence. This dissonance between the normative ideal and empirical reality has been analysed by various authors, both nationally and internationally.

The Constitution of the Islamic Republic of Iran defines the economy as a means, not an end. Its preamble states that "the economy is a means to achieve the spiritual objectives of Islam, not an end in itself as in materialistic systems" (Islamic Republic of Iran, 1979). This formulation seeks to distinguish the Islamic economic model from contemporary systems, which, according to various Islamist ideologues, are based on values such as greed, exploitation and materialism (Al-Sadr, 1961). However, this idealised vision does not always translate into a coherent economic architecture or effective public policies. According to World Bank data (2024), Iran's GDP reached USD 436.9 billion, with annual inflation at 32.5% and an unemployment rate of 9.2%. These indicators reflect an economy under significant strain, where growth is insufficient to offset the loss of purchasing power and the deterioration of the labour market. For its part, the International Monetary Fund estimates economic growth of 3.3% for 2024, although it warns of persistent structural imbalances that could limit the sustainability of such growth.

One of the most distinctive features of the Iranian economic system is the historic alliance between the Shia religious authorities and the *Bazaar*. This relationship, which dates back centuries, has intensified since the 1979 revolution, forming a network of influence with significant economic and institutional implications. The *Bazaar*, as a traditional commercial centre, has received preferential treatment from the religious authorities, including tax benefits, priority access to foreign currency and participation in public contracts. This configuration has contributed to slowing down certain processes of economic modernisation, hindering the diversification of the productive fabric and favouring the expansion of an informal economy with a strong presence of actors linked to religious structures. Instead of expanding equitable access to resources, the current economic model has tended to consolidate a clerical elite with a significant presence in strategic sectors of the national economy.

Among the most influential *bonyads* are the Foundation of the Disinherited (*Bonyad-e Mostazafan*) and the Imam Khomeini Foundation, which, together with the economic conglomerate controlled by the *Pasdaran* (Islamic Revolutionary Guard), form a business network that enjoys extensive fiscal and regulatory privileges. This privileged position, underpinned by the alliance between religious and military power, hinders the competitiveness of the private sector and consolidates a clerical and parastatal elite with a dominant presence in strategic sectors of the national economy.

Islamic banking, promoted as an ethical alternative to the excesses of the conventional financial system, has generated significant debate in the Iranian context, especially in relation to the consistency between its founding principles and their practical application. Although the regulatory framework explicitly prohibits the charging of interest (*riba*), various studies have pointed out that, in practice, Islamic financial institutions resort to mechanisms such as commissions, profit margins and penalties which, in certain cases, fulfil equivalent economic functions. According to Sobhani (2013), professor of economics at the University of Tehran, effective interest rates in Iran exceed 25%, which has raised questions about the banking system's fidelity to its proclaimed values. This situation is exacerbated by the fact that such interest is exempt from taxation, which may encourage the accumulation of capital without a direct link to productive investment.

More broadly, some analysts interpret the persistence of challenges such as the financial crisis and unemployment as manifestations of unresolved structural problems in the economic model inspired by political Islamism (Kia, 2016). Added to this is a high rate of bank delinquency, which exceeds 15%, according to the Central Bank of Iran (2023), attributed in part to the granting of loans to individuals or entities linked to political power. This dynamic has hampered the recovery of funds and affected confidence in the financial system.

Hossein-Zadeh (2016) points out that a considerable proportion of Iran's gross domestic product, more than 65%, is concentrated in speculative activities, while the manufacturing sector faces significant restrictions in access to financing. This orientation has favoured the channelling of resources towards assets such as foreign exchange, precious metals and real estate, to the detriment of investment in productive sectors that could contribute more directly to sustainable economic development. In this context, even large manufacturing companies[2] have chosen to establish their own financial institutions. This strategy has raised concerns among some analysts, who warn of a possible diversion of resources from production to financial activities with less structural impact, which could limit the country's industrial dynamism and economic diversification.

This dynamic is accentuated by the Iranian economy's almost exclusive dependence on oil and gas, which constitute the state's main source of income and a central component of the trade balance. This sectoral concentration limits productive diversification, as financial resources, investment and labour are concentrated in the extraction and export

2 As may be the case with Iran Khodro.

of hydrocarbons, to the detriment of other sectors such as manufacturing, agriculture and the service industry. As a result, the economy faces what is known as the 'Dutch disease': the overabundance of liquidity generated by a single sector which, far from strengthening the economy as a whole, causes inflation, makes domestic production more expensive, weakens the competitiveness of other sectors and creates a structural imbalance with regard to a multisectoral and sustainable economy.

This structural vulnerability is compounded by political and institutional tensions. The Leader's long-term orientations, geared towards stability and ideological strategic objectives, often clash with the five-year plans of successive governments, which seek to balance growth, employment and industrial development. These differences are amplified by struggles between power groups—including *bonyads*, *Pasdaran*, *bazaar* actors, and state-owned enterprises—that control key sectors of the economy and defend their own interests. The interaction of these forces hinders the effective implementation of coherent economic policies and limits the consolidation of balanced industrial development, leaving the Iranian economy trapped in a pattern of hydrocarbon dependence and low productive performance in non-oil sectors.

In contrast to the Iranian model, some Muslim-majority countries, such as Turkey and Malaysia, have developed hybrid financial systems that combine Islamic principles with market economy mechanisms. Turkey has promoted participatory banking under state regulation, while Malaysia has implemented a dual financial system that allows for the coexistence of Islamic and conventional banking, thus favouring greater institutional flexibility. Recent studies, such as that by Durán Herrera *et al.* (2023), which analyses a sample of sixteen conventional and sixteen Islamic banks, suggest that these models contribute to balanced competition and more effective regulatory integration. In the case of Turkey, where fifty-four banks operate, six of which are participatory, a functional coexistence between the two systems has been observed, with positive results in terms of attracting investment, promoting entrepreneurship and complying with international transparency standards (Habib, 2021). In this comparative context, Kuran (2008) offers a structural critique of the Iranian model, pointing out that, in certain cases, Islamic banking has been used as a tool for ideological legitimisation rather than as an instrument of economic development. This observation suggests that, rather than orienting the economy towards collective well-being, some approaches have prioritised political consolidation through religious references, which has limited the system's ability to respond to contemporary socio-economic challenges.

TABLE 1. IRAN'S MACROECONOMIC INDICATORS (2024-2025): RECENT DEVELOPMENTS AND OFFICIAL ESTIMATES

Indicator	Value 2024	Value 2025 (estimated)	Source
GDP (USD)	436,900 million	437,000 million	World Bank
Inflation (%)	32.5	42.4	World Bank / Trading Economics
Unemployment (%)	9.2	7.2	World Bank / Trading Economics
Interest rate (%)	22.0	23	FocusEconomics
Trade balance (USD)	-934 million	—	Trading Economics

Source: author's own elaboration.

The explanations offered by various economic schools allow crises to be approached from different analytical frameworks, which contrasts with the limited presence of technical analysis in the economic discourse of political Islamism. The Austrian school, for example, attributes crises to the artificial expansion of credit and the distortion of relative prices, which generates inefficient investments and speculative bubbles (Mises, 1949; Hayek, 1976). The Keynesian school, for its part, identifies the fall in aggregate demand as the main cause of crises, proposing fiscal stimulus policies and public works as corrective mechanisms (Keynes, 1936). From a structural perspective, the Marxist school points to the fall in the rate of profit and the accumulation of capital as central factors in the genesis of crises (Marx, 1867). All these schools of thought offer conceptual tools for understanding economic cycles, formulating public policies and evaluating their results.

In contrast, political Islam tends to interpret economic failures from a moral or religious perspective, linking them to the loss of Islamic values. However, this view does not exhaust Islamic economic thought. In fact, there are theoretical developments within modern Islamic economics that address structural and technical issues, such as redistribution through *zakat*, the prohibition of interest (*riba*) and the promotion of social justice as the cornerstone of economic development (Orozco, 2013; Carrazco, 2024). In addition, some authors have attempted to construct an Islamist school of political economy of development, which interprets underdevelopment as the result of historical, political and economic factors, including colonialism and structural dependence, without renouncing a normative vision based on the Qur'an (Hidalgo-Capitán, 2011). Therefore, although political Islamism has instrumentalised religious elements in its economic discourse, it cannot be said that there is a total absence of analysis. Rather, there is a coexistence of doctrinal and structural approaches with varying degrees of systematisation, which poses the challenge of integrating these frameworks into a broader dialogue with contemporary social sciences.

The Islamisation of the economy has also had significant social implications. In some contexts, the exclusion of non-Muslim citizens from the education system and public employment has generated dynamics of inequality that have been interpreted as the creation of a second-class citizenry. Likewise, the legitimisation of private property based on religious faith rather than work or investment raises tensions with the principles of equality and social justice (Dadgar and Najafi, 2001). On the other hand, some studies have pointed out that the Islamist economic model has, in certain contexts, favoured the concentration of resources in the hands of religious figures, under the theological justification that these assets belong to the hidden Imam. This conception has posed challenges for the implementation of democratic oversight mechanisms by limiting transparency in the management of certain public assets (Mahsuli, 2005). In this context, practices have been documented that tend to link the allocation of privileges to criteria of ideological affinity rather than to principles of merit or efficiency, raising concerns about the consolidation of institutional dynamics that are not aligned with modern governance standards.

The notion of maximisation, understood as the rational pursuit of the best results with the available means, has been questioned by political Islamism, which interprets it as a manifestation of human selfishness. However, some analysts point out that, in practice, certain Islamist leaders have accumulated wealth and power, reproducing dynamics similar to those they criticise in Western models. This apparent contradiction has led to the suggestion that the Islamist economic approach is not always based on universal ethical principles but, in certain contexts, may adopt an instrumental morality aimed at consolidating political power. In this regard, Huerta de Soto (2005) suggests that systems that restrict free interaction between individuals and limit the exercise of entrepreneurial initiative may face risks associated with inefficiency, concentration of power and lack of institutional transparency.

6 Structural impact of economic Islamism

This section addresses four analytical axes interrelated with the structure of economic Islamism: the denial of the principle of scarcity, the relationship between property and inequality, the systematic exclusion of religious minorities, and the legitimisation of the use of coercive mechanisms as an economic instrument. Although each of these aspects poses specific challenges, their articulation reveals a common ideological pattern: the subordination of economic rationality to a theocratic logic, in which religious references are used as a normative framework for the consolidation of political power.

The denial of scarcity, explained above, is directly connected to the logic of property. In Iranian economic Islamism, property is not legitimised by work, investment or merit, but by religious faith. According to Dadgar and Najafi (2001), 'the real reason for giving legitimacy to private property is being Muslim'. This assertion turns property into an ideological privilege, excluding non-Muslims from access to goods, services and economic rights. Scarcity, denied in theory, is reproduced in practice through mechanisms of exclusion that fragment citizenship and reinforce structural inequality.

The exclusion of religious minorities, such as Baha'is, Zoroastrians and Christians, is not only a consequence of the logic of property, but also an expression of the theocratic conception of power. Documents such as the Cairo Declaration (1990) affirm that 'all people are equal in terms of dignity and honour', but add that 'true and solid belief is the only thing that ensures and guarantees the growth of this integrity'. This clause makes faith a criterion for citizenship, legitimising the exclusion of those who do not conform to the official interpretation of Islam. In this context, the economy ceases to be a space for rational interaction and becomes a mechanism of ideological control.

Finally, the legitimisation of coercive mechanisms as an economic tool closes the circle of this ideological articulation. Various studies have pointed out that, in certain contexts, political Islamism has historically resorted to forms of coercion to implement its economic and social model. According to Khomeini (1970), 'to apply Islam to real life, blood must be shed'. The concept of jihad, understood as the struggle for the expansion of Islam, legitimises the appropriation of the property of conquered peoples.

Taken together, these four axes—scarcity, property, exclusion, and coercive action—should not be understood as isolated phenomena, but as components of an articulated ideological structure. The denial of the principle of scarcity weakens economic rationality; property is linked to religious criteria rather than investment or work; exclusion fragments citizenship; and the use of coercive mechanisms contributes to the non-consensual redistribution of resources. Below is a comparative table between three economic models—Islamic, liberal, and centralised planning—with the aim of summarising their ideological foundations, organisational principles, and structural consequences. The comparison allows us to visualise the differences in key aspects such as the conception of property, the role of the state, the inclusion of minorities, the epistemology of economic knowledge, and the use of coercive action as a mechanism of legitimation. This tool complements the analysis developed in sections 2, 3, 4 and 5 of this study and offers a structured view that facilitates the evaluation of economic Islamism in the Iranian context. The selection of comparative axes was based on analytical criteria and a review of specialised literature. Structural dimensions common to the main models of economic organisation were chosen: conception of property, recognition or denial of scarcity, role of the state, inclusion of minorities, epistemology of knowledge and use of coercive action as legitimisation.

TABLE 2. STRUCTURAL COMPARISON BETWEEN ECONOMIC MODELS: ISLAMIC, LIBERAL AND CENTRALISED

Aspect	Islamic Economy	Liberal Economy	Centralised Planning Economy
Main Foundation	Sharia (Islamic law), faith and morality; subordination of the economy to theology.	Free Market, Private Property, Pursuit of Profit (Gain); based on individualism.	Collective Ownership and State Control of the Means of Production; based on collectivism.
Conception of Property	Mixed (private, state, public) and subject to ethical standards. Legitimised by faith (religious privilege).	Predominantly private. Legitimised by work, investment and contract.	Predominantly State or Collective. Private property is limited or non-existent.
Principle of scarcity	Denial of scarcity; it is believed that God provides sufficient resources (Baraka/Rizq).	Recognition of scarcity as an organising principle.	Recognition of scarcity; centralised allocation of resources by the state.
Motivation of the Economic Agent	Homo Islamicus guided by religious values; obedience to the Islamic State and pursuit of Falah (comprehensive well-being).	Rational Homo Oeconomicus who maximises individual utility and profit.	Economic agent subordinate to the state plan and collective objectives.
Role of the State	Absolute interventionism (in theocratic models); the State intervenes to guarantee social justice (Zakat, etc.).	Limited state (minimal); guarantees rights, regulates the market and provides essential public goods.	Total state; directs all production, distribution and consumption.
Resource allocation mechanism	Market regulated by ethical principles and state intervention to guarantee social justice.	Market (supply and demand) and the price system.	Central plan (established by the state) that defines what, how and for whom to produce.
Financial Instruments	Islamic banking; prohibition of riba (interest); based on profit and loss sharing (P&L sharing).	Interest-based banking system; interest is the price of money; financial regulation exists.	State banking system; total control of credit and investment by the government.
Epistemological Pluralism	Rejection of pluralism; religious/theological reasons, with the imposition of a revealed vision.	Epistemological pluralism; openness to debate, criticism and diverse schools of thought.	Rejection of pluralism; political/state reasons, where knowledge is subordinate to the state plan and not to religion.

Aspect	Islamic Economy	Liberal Economy	Centralised Planning Economy
Inclusion of minorities	Exclusion of religious minorities (in strict models); hierarchical citizenship.	Inclusion based on universal rights and equality before the law.	Inclusion conditional on ideological loyalty and membership of the dominant group.
Relationship with modernisation	Rejection of Western modernism; attempt to create an economic and social 'third way'.	Modernisation as a process of innovation, technological change and openness.	Modernisation directed and controlled by the state to achieve specific objectives (e.g. industrialisation).
Use of coercive action as legitimisation	Justified as a means of protecting the Islamic State and Divine Law (in certain radical regimes).	Rejection of coercive action as a political instrument; institutional and legal resolution of conflicts.	Use of coercive action as a tool for political control, repression and enforcement of the Plan.

Source: auhor's own elaboration.

7 Beyond the Iranian model: alternative approaches

7.1 Doctrinal comparison of normative economies

To enrich the analysis, it is useful to compare economic Islamism with other models of moral economy developed in other religious traditions. The Catholic social tradition, for example, proposes an economic model based on widely distributed property, the principle of subsidiarity and social justice, as an alternative to both capitalism and socialism. For its part, economic Buddhism, formulated by Schumacher (1973), promotes simplicity, sustainability, and spiritual well-being as guiding principles of economic activity.[3] These models, although also normative, are articulated with universal ethical principles and mechanisms of inclusion, which contrasts with Iranian economic Islamism.

The Catholic model, inspired by the social encyclicals of Leo XIII and Pius XI, approaches property as a natural right that should be widely distributed among citizens. Unlike economic Islamism, which legitimises property through faith, Catholicism promotes family and community property as the basis for social justice. It also recognises scarcity as an organising principle, but proposes mechanisms of subsidiarity to manage resources at the local level, avoiding the concentration of economic power.

For its part, economic Buddhism, formulated by Schumacher (1973), starts from a spiritual conception of scarcity: not as deprivation, but as an opportunity for voluntary simplicity. This model promotes inclusion through the reduction of

3 The choice of Catholic social doctrine and economic Buddhism is due to the fact that both constitute explicitly normative formulations of moral economies which, like economic Islamism, are presented as ethical alternatives to capitalism and socialism. Unlike other religious approaches, such as liberal Protestantism, the aim is not to pass moral judgement on their validity, but to establish a comparative framework between traditions that articulate comprehensive religious responses to the problem of economic justice.

material desire, environmental sustainability and community cooperation. Property is conceived as a means to collective well-being, not as an ideological privilege, and coercive action is excluded as an economic mechanism, in line with the principles of compassion and non-aggression.

In summary, the comparison between economic Islamism, the Catholic model and the Buddhist approach reveals three normative proposals with divergent ethical foundations. While Iranian economic Islamism has been interpreted by some authors as a use of religious references to support exclusionary practices and concentrations of power, the Catholic and Buddhist models tend to link the economy with principles of social justice, sustainability and inclusion. This comparison highlights that not all economies inspired by religious values adopt an authoritarian orientation, and that there are spiritual traditions capable of engaging constructively with democratic values and contemporary development challenges.

The following table summarises the structural differences between three religious models of economic organisation: Iranian economic Islamism, the Catholic model and economic Buddhism. Through the axes of property, scarcity, inclusion and coercive action, it shows how each tradition articulates its vision of the economic order. The selection of these comparative axes was based on analytical criteria and a review of the literature. These axes allow us to observe not only doctrinal differences, but also practical consequences in terms of social inclusion, economic rationality, and modernisation. The comparison is conceived as a heuristic tool, not as an exhaustive classification, with the aim of highlighting key tensions between economic Islamism and other traditions.

TABLE 3. STRUCTURAL COMPARISON BETWEEN RELIGIOUS MODELS OF ECONOMICS: ECONOMIC ISLAMISM, CATHOLIC MODEL AND ECONOMIC BUDDHISM

Model	Property	Scarcity	Inclusion	Coercive action
Economic Islamism	Legitimised by religious faith; ideological privilege	Denied as a structural principle; attributed to human corruption	Exclusion of religious minorities; citizenship conditional on faith	Legitimised as a mechanism of redistribution and conquest (jihad)
Catholic model	Widely distributed natural law; family and community property	Recognised; managed through subsidiarity and local structures	Inclusion based on human dignity; social justice	Rejected as an economic means; emphasis on cooperation
Economic Buddhism	Means for collective well-being; voluntary simplicity	Accepted as an opportunity for sustainability and moderation	Inclusion through reduction of desire and community cooperation	Excluded on grounds of compassion and non-aggression

Source: author's own elaboration.

7.2 *Favourable perspectives, international reception and internal diversity of Islam*

Although this study takes an analytical perspective on Iranian economic Islamism, it is relevant to incorporate some voices that highlight certain positive aspects of the model, with the aim of enriching the analysis and strengthening its scientific character. In particular, Islamic banking has been presented by various authors as an ethical alternative to the conventional financial system. According to Chapra (2000), the prohibition of usury (*riba*) and the promotion of fairness in transactions are principles that could contribute to a more just and stable economy. Along the same lines, Siddiqi (2006) argues that Islamic banking, based on profit and loss sharing schemes, fosters a more transparent relationship between lender and borrower, which could reduce systemic risk. While these perspectives are subject to debate in terms of their practical application, they offer normative arguments that deserve to be considered and tested from an empirical perspective.

It is also relevant to briefly explore the international reception of the Iranian economic model. Although economic Islamisation in Iran has been criticised in various quarters, some Islamist movements in countries such as Pakistan, Sudan and Nigeria have shown interest in adopting certain elements of the model, particularly with regard to Islamic banking and redistribution mechanisms inspired by religious principles. This trend responds, in part, to the perception that the economic models promoted by colonialism and globalisation do not fully fit the realities and needs of some Muslim societies, which has prompted the search for alternatives based on their own values (Orozco, 2013).

However, these attempts have faced significant challenges in their implementation due to factors such as lack of institutional infrastructure, doctrinal diversity and social resistance. In contrast, countries such as Malaysia and Turkey have developed hybrid models that combine Islamic principles with market mechanisms, achieving greater international acceptance and more sustainable economic results (Carrazco, 2024).

Finally, it is essential to recognise the internal diversity of Islam in order to avoid identifying the Iranian model with economic Islamism as a whole. Twelver Shi'a Islam of the Jarifite sect, which predominates in Iran, has significant doctrinal differences from Sunni Islam, which constitutes the majority in the Muslim world. However, even within Shiism itself there is considerable theological and political diversity: reformist, spiritualist and rationalist currents coexist, questioning the subordination of the economy to religious power and proposing more pluralistic interpretations of Sharia law. As Sorush (2010) points out, the Islamisation of knowledge should not be confused with Islamic thought as a whole, as there are intellectual traditions that promote pluralism, rationality and social justice. Recognising this diversity makes it possible to avoid generalisations and open up the analysis to a more nuanced understanding of economic Islamism.

Beyond the Iranian case, the Islamic world is home to a remarkable doctrinal diversity that translates into different economic approaches. Sufism, for example, has historically promoted a spiritual vision of the economy centred on self-sufficiency, austerity and community solidarity, rejecting both capitalist materialism and authoritarian forms of religious organisation. For its part, moderate Sunni Islam, predominant in countries such as Indonesia, Malaysia and Jordan, has tended to articulate mixed economic models that combine Islamic principles with market mechanisms and democratic institutional frameworks (Hernando, 2017; El Radar, 2025). These currents, although less visible in the dominant political discourse, offer viable alternatives that integrate Islamic ethics with the contemporary challenges of development, without resorting to exclusion or the political use of religious references. Recognising this plurality makes it possible to avoid reductionism and understand that Iranian economic Islamism represents a specific interpretation, not the entirety of Islamic economic thought.

8 Conclusions

The Islamisation of the economy in Iran since the 1979 revolution poses significant challenges in terms of viability and sustainability compared to contemporary economic models. This study has shown that economic Islamism, rather than consolidating itself as a scientific discipline or a structured technical proposal, presents itself as an ideological construct that has contributed to the consolidation of political power through reference to religious principles.

The analysis has identified four structural axes that allow us to understand the limitations of the Iranian model: a reinterpretation of the principle of scarcity, a conception of property linked to religious legitimacy, the exclusion of minorities in the economic sphere, and the use of coercive action as a tool of control. These elements are articulated within a theocratic logic that tends to subordinate economic rationality to the interests of religious power. The denial of the principle of scarcity hinders the application of rational choice criteria and limits the formulation of effective public policies. Property, understood as an expression of faith, can restrict equitable access and generate structural inequalities. The exclusion of minorities contributes to social fragmentation and weakens civic cohesion, while the use of coercive actions, legitimised as a defence of the religious order, becomes a mechanism for forced redistribution and ideological consolidation.

This study invites reflection on the challenges facing Iran in its search for an economic model that harmonises religious principles with criteria of efficiency, equity and sustainability in an increasingly interdependent global context. The dimensions analysed in this study suggest that economic Islamism, as it has developed in Iran since 1979, faces serious difficulties in establishing itself as a viable alternative to current economic models. Instead of promoting inclusive and sustainable development, the model has tended to reinforce authoritarian and exclusionary structures that limit innovation, restrict epistemological pluralism and contribute to social fragmentation, corruption and illicit practices. The subordination of the economy to religious ideology has transformed the system into an instrument of control rather than a tool geared towards collective well-being.

Given this situation, there is a need to move towards a reformulation of the economy from an empirical and open perspective, recovering its scientific, empirical and pluralistic dimension. This transformation does not imply renouncing Islamic identity, but rather reformulating it in dialogue with modern social sciences. Modernisation should not be understood as Westernisation, but rather as an epistemological opening that allows cultural values to be integrated with universal principles of justice, rationality and freedom. Islamic societies have a rich philosophical, legal and ethical tradition that can contribute to the development of their own economic models, provided that they are articulated with empirical methods and verification criteria.

One way forward could be to promote a reformist Islamic economy, based on Islamic ethics but articulated with modern analytical tools. This requires abandoning the claim that all economic knowledge can be derived exclusively from religious texts and adopting a critical and dialogical attitude. As Sorush (2010) points out, the development of sound Islamic social sciences requires a thorough knowledge of contemporary social sciences, promoting rigorous academic training, epistemological openness and respect for intellectual pluralism.

At the same time, moving towards a more participatory economy, based on public deliberation processes and accountability mechanisms, is a fundamental step towards strengthening social cohesion and sustainable development. In this context, excessive concentration of power, limited inclusion of minorities and the use of coercion as an economic tool have proven to be obstacles to achieving these goals.

Economic democratisation is not limited to opening markets, but also involves ensuring that all citizens, regardless of their faith or political affiliation, can actively participate in decisions that affect their well-being. As Huerta de Soto (2005) warns, systems that restrict free interaction between individuals tend to generate inefficient dynamics, prone to mismanagement and institutional weakening.

It is equally important to recognise that modernisation is neither a homogeneous nor a linear process. Each society must find its own path, articulating its cultural values with universal principles. Islamic economics can play a constructive role in this process if it renounces doctrinal exclusivity and opens itself to dialogue with other traditions. Plurality of approaches, constructive criticism and a willingness to learn from experience are necessary conditions for building a truly human economy. In this sense, cultural identity should not be seen as an obstacle, but as a valuable resource. The Islamic intellectual tradition can engage in dialogue with the modern economy, provided that it is reinterpreted from an open and pluralistic perspective. As Warraq (2010) asserts, overcoming fear of the West and recognising the values of democracy and liberalism does not imply a renunciation of identity, but rather an invitation to build a modernity of one's own based on respect for diversity and the pursuit of the common good.

This analysis is supported by theoretical references such as Weber (2001), who emphasised the importance of rationalisation in modern economic organisation, the absence of which in Iran contributes to structural inefficiency. Polanyi's notion of 'embeddedness' helps us understand how the subordination of the economy to social and religious structures limits its institutional autonomy. From Robbins' perspective, the denial of the principle of scarcity contradicts the fundamentals of economic science, while Huerta de Soto's approaches to ideological interventionism help explain the dysfunctions of the Iranian financial system. These references reinforce the conclusion that economic Islamism, in its current formulation, fails to establish itself as a viable alternative to existing models.

Finally, this study opens up relevant avenues for future research, such as the formulation of a reformist Islamic economy compatible with democracy, epistemological pluralism and scientific methods. It is essential to explore which elements of Islamic tradition can dialogue with principles of social justice and economic rationality without falling into dogmatism, as well as the role of Islamic universities as spaces for scientific research. Two aspects that could enrich the debate are: on the one hand, internal reforms promoted by reformist currents that seek to reinterpret religious texts in contemporary contexts; on the other, comparative studies between Muslim countries with hybrid models (such as Turkey and Malaysia) and those with more rigid theocratic structures. This perspective would make it possible to identify the conditions necessary for building a reformist Islamic economy capable of engaging with modernity without renouncing cultural identity.

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Appendix I. Glossary of the main Islamic terms used

Term	Translation
Ayatollah	Sign of Allah, the highest rank in the Shia hierarchy
Fatwa (pl. *Fatawaa*)	The legal opinion of specialists in Islamic law
Faqih	Jurist
Fiqh	Jurisprudence
Mujtahid	Jurist
Riba	Usury or interest
Sharia	Islamic law
Wali Faqih	Jurisprudential guardian, spiritual leader, supreme leader
Velayat-e Faqih	Guardianship of a jurist
Jihad	Defending principles, or fighting for the explanation of the Muslim religion in general

Source: author's own work.

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