# Table of Contents

**Foreword**.........................................................................................................................xii  
**Preface.........................................................................................................................xvii**  
**Acknowledgment...........................................................................................................xxv**  
**Introduction...................................................................................................................xxvii**  
  - Overview.....................................................................................................................xxvii  
  - Primary Objective.......................................................................................................xxix  
  - Contents of Chapters in this Book.............................................................................xxx  
  - The Phenomenological Construction of the Islamic Worldview of Unity of Knowledge: Money, Finance, and Real Economy Complementary Linkages by Epistemic Unity of Knowledge .................................................................xxxii  
  - Conclusion.................................................................................................................xxxv  

**Chapter 1**  
How is God Studied in Relation to Science and the World-System? ..................1  
  - Introduction..................................................................................................................1  
  - The Problems of God, Man, and World-System Relations..........................3  
  - The Problem of Socio-Scientific Impossibility of Knowledge as  
    Symbiotic Unity in the Old Paradigm ............................................................8  
  - A Formal Derivation...............................................................................................12  
An Integrative Worldview of Organic Unity in the Socio-Scientific  
  Model: God and Science .......................................................................................12  
From the Theme of God and the Socio-Scientific World-System to the  
  Case of God and the Financial System.............................................................16  
The Technology and Cultural Impact on the Endogenous Learning  
  Relationship in Money-Finance-Banking and Real Economy  
Ethico-Economic Synergy.........................................................................................21
Endogenous Moral, Ethical, and Social Reconstruction with Cultural and Technological Forces Based on the Normative Epistemic Worldview of Unity of Knowledge: The Business/Banking Medium ..... 23
A Configuration of Cultural and Technological Endogeneity in Generating Socio-Scientific Unification ................................................................. 24
Conclusion: Towards Integrating God with the Socio-Scientific and Cybernetic World-System ................................................................. 26

Chapter 2
The Idea of God in Relation to the Social System: Banking as a Social System ................................................................................................................... 32
Introduction .................................................................................................. 32
Inquiry into the Uniqueness and Universality of the Monotheistic Law ................................................................. 34
Universality and Uniqueness Properties in the Model of Epistemic Unity of Knowledge ................................................................. 45
The Large-Scale Closure of the Universe in the Dimensions of Knowledge, Time, and Space ................................................................. 48
Bringing God Back into the Financial and Banking System ................................................................. 49
A Critical Comparative Review of the Issues of Social Justice and Social Injustice ................................................................. 56
Conclusion .................................................................................................. 58
The Future Prospects .................................................................................... 59

Chapter 3
The Moral Content of Monetary History ............................................................. 65
Introduction .................................................................................................. 65
Barter (Countertrade) .................................................................................... 65
Present Days’ Semblances of Barter ............................................................. 66
Concluding Remarks on Barter and the Concept of Value ................................................................. 68
The Gold Standard with Asset-Backed Definition of Money ................................................................. 70
Early History of the Gold Standard and Endogenous Money ......................... 78
Contemporary Thought on the Gold Dinar and Islamic Money, Finance, and Trade Relations ................................................................. 85
Abandonment of God in the Paper Money Banking System: Fractional Reserve Requirement Monetary System ................................................................. 89
Conclusion: Convergence and Departure ............................................................. 93

Chapter 4
Bringing God into the Banking System: Contrasting Meaning of Ethics in Socio-Scientific Reasoning ................................................................. 100
Background .................................................................................................. 100
Objective .................................................................................................. 102
Chapter 5
The Moral Possibility of Islamic Banking System as Institution: Contrasting Cases.................................143

Introduction.................................................................143

Sustainability in Terms of the Belief System Carried through
Institution-Market Relationship .....................................146

Explaining the Zikr (Z), Pikr (P), Mikr (M) Relational Dynamics in the
Interactive, Integrative, and Evolutionary (IIE) Learning Worldview
of Epistemic Unity .........................................................149

A Critique of the (Z,P,M)-Relations by the Interactive, Integrative, and
Evolutionary (Iie) Learning Methodology of Epistemic Oneness in
the World-System ........................................................152

A Critique of Shareholder Model of Asset-Valuation by the Episteme
of Unity of Knowledge in Figure 1 .................................155

Returning to the Universality of the Monotheistic Law as Functional
Ontology .................................................................155

The Emergence of the IIE-Learning Worldview from the Qur'an and
the Sunnah .................................................................158

The Occidental Intellectual Predicament ..........................160

The Islamic Intellectual Predicament ..............................161

What is the Place of God in the Generalized Model
of the World-System? ..................................................164

Understanding Islamic Banking in the Generalized Theory of Epistemic
Unity .................................................................165

Conclusion ..................................................................167

Chapter 6
Corporate Social Consciousness and Responsibility with an Ethico-Economic
Idea of Productivity and Efficiency .................................173

Background ..................................................................173

Objective .................................................................174

Review of the Literature .............................................174

Model .........................................................................175

The Nature of Socio-Scientific Argumentation ................176

Conclusion ..................................................................181
Chapter 7
Productivity Analysis in Ethically Induced Financing Environment: A Case Study of Indonesian Islamic Banks

Background: The Neoclassical Impossibility in Measuring Productivity and Efficiency in Social Financial Environment
Review of the Literature
Production Menus in Ethically Induced Institutional Decision-Making and Social Choices
Objective and Approach
Explication of the Objective
Methodology
Productivity Analysis
Productivity Measure
Production Efficiency Measure
Empirical Work, a Simplified Case Study
Estimation Results
Simulation Result
Computation of Productivity Measures
Conclusion

Chapter 8
Financial Interest and Human Depravity: Emergence of the Theory of Interest from the Philosophical Roots of Occidental Epistemological Thought
Introduction
The Reasoning Departing from the Nature of Dichotomy between Metaphysical and Naturalistic Types of Ethical Categories
The Law of Financial Interest in Economic and Social Perspectives
The Question of Bank-Savings, Capital Accumulation and Equity
Repercussion by Expression (2) Effects
Interest Rate Effects on the Rich and the Poor
Interest Rate Regime Versus the Participatory Worldview Conception of Ethico-Economic Value
Contrasting Models of Social Justice
Representing the Asocial Nature of Relationship Between Social Participation and the Economic Postulate of Scarcity:
The Rationalistic Quagmire
Interest Rate and the Incidence of Poverty
Other Theories and Models of Poverty Alleviation and Social Justice in Relation to the Rate of Interest
Kelsonian and Alternative Economics for American Social Equality
The Marxian Impossibility in Poverty Alleviation
The Nature of Poverty and Poverty Alleviation in Reference to Interest-Based Financing Regime
Conclusion
Chapter 9
Social Reconstruction by Replacing Interest Rates with Trade Instruments ......................................................... 248
Introduction................................................................................................................................. 248
Explanations of Terms ............................................................................................................... 249
Learning Relations Between the Human and Non-Human Worlds .................................. 254
Bringing Back the Trade, Poverty Alleviation, and Wellbeing Interrelations ................................. 256
Inferences Derived from ‘Estimation’ and ‘Simulation’ Aspects of Circular Causation .................. 259
The Micro- and Macro-Implications of Economic and Social Theory .................................. 262
Explanation of Selected Terms .................................................................................................. 266
Micro-Perspectives of Money, Fiscalism, Real Economy, Prices, and Poverty Alleviation ... 269
Special Notes in the Micro-Money Systems of Equations of Exchange ............................... 273
Unifying the Monetarism-Fiscalism Dynamics in the Simulation Model of Wellbeing ........... 275
Conclusion .................................................................................................................................. 277

Chapter 10
Money, Price, Output, Interest Rate, and Factor Employment: Comparative Theory .......................... 284
Introduction.................................................................................................................................. 284
The Mainstream General Equilibrium Model of Money, Prices, Goods, and Productive Factors ......................................................................................................................... 285
Mathematical Deductions from the Pareto-Optimal General Equilibrium Result .................. 287
The Money, Price, and Output Relationship .............................................................................. 290
Milton Friedman’s Version of Quantity Theory and Equation of Exchange ........................................ 292
Keynesian Monetary Relations Derived from Quantity Theory of Money, Output, and Prices ................................................................................................................................. 293
Monetary Disequilibrium .................................................................................................................. 294
Money-Commodity-Money: M-C-M Theory Again .................................................................. 296
Laissez Faire Theory of Money, Price, and Economy ................................................................. 300
Conclusion: Is There a Convergence in a Theory of Money, Price, Output, and Employment? ................................................................................................................................. 302

Chapter 11
The Future of Monetary Reform and the Real Economy: The Ethics of 100 Percent Reserve Requirement Monetary System.......................................................... 307
Introduction.................................................................................................................................. 308
The Future of Monetary Reform and the Real Economy: A Problem
Chapter 12

Conclusion........................................................................................................... 339

Introduction........................................................................................................ 339

Summary of Contributions .................................................................................. 340

Intra-System and Inter-Systems Evolutionary Epistemology
  (Radnitzky, Et Al., 1988).................................................................................. 341

Addressing Social Issues in Systems and Cybernetics...................................... 344

Conclusion........................................................................................................... 345