

# A Critical Analysis of Syed Muhammad Naquib al-Attas's View on Adam Smith's Market Mechanism within the Framework of Hisbah and the Tawhidic Paradigm

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## Abstract:

This article critically analyzes Syed Muhammad Naquib al-Attas's philosophical perspective on Adam Smith's market mechanism, particularly the concept of the invisible hand. While Smith's theory assumes that self-interest and competition can naturally lead to social welfare, al-Attas challenges this notion as a manifestation of the secular worldview that separates economics from divine values. Through his *Tawhidic paradigm*, al-Attas argues that the invisible hand cannot function as a moral regulator because it operates independently of revelation and adab. Instead, he proposes that true market harmony must emerge from the restoration of adab—right knowledge and proper conduct guided by the recognition of God's sovereignty. Within this framework, the institution of *Hisbah* represents the social embodiment of adab: a moral and spiritual system ensuring justice (*'adl*), balance (*mizan*), and accountability in market activities. Hisbah, therefore, becomes the "visible hand" of divine order, directing economic interactions toward spiritual welfare (*falah*) rather than mere material gain. This study concludes that al-Attas's conceptualization of Hisbah within the Tawhidic worldview provides a transformative framework for rehumanizing modern markets and grounding economic policies in both ethical and metaphysical dimensions aligned with Islamic and Pancasila values.

**Keywords:** Syed Muhammad Naquib al-Attas; Adam Smith; Invisible Hand; Hisbah; Tawhidic Paradigm

## Introduction

This study aims to conduct a critical examination of Syed Muhammad Naquib al-Attas's philosophical critique of Adam Smith's concept of the market mechanism, particularly the notion of the *invisible hand* that is believed to regulate the economy through self-interest and competition (Smith, A, 1776: 421). For al-Attas, this concept embodies the secular epistemology of modern Western thought that separates economic activities from divine and moral

guidance (Al-Attas, 1993, p. 15). He argues that the so-called self-regulating market reflects a loss of metaphysical consciousness, where human actions are driven by material desires rather than by *adab* the discipline of proper knowledge and conduct in accordance with God's order. This epistemological dislocation produces a distorted understanding (*taṣawwur*) of economic justice, resulting in inequality, exploitation, and spiritual emptiness (Trianto, 2018, p. 57). In contrast, al-Attas envisions an economic system guided by the *Tawhidic paradigm*, where all human activities, including market transactions, are bound by divine values. The absence of *adab* in modern markets is therefore not merely an ethical problem, but a civilizational crisis rooted in the desacralization of knowledge (Hashim, 2014, p. 69).

Within al-Attas's *Tawhidic* worldview, the true balance of the market cannot be achieved through the invisible forces of competition or self-interest, but must be established through *Hisbah* an institutional embodiment of *adab* and divine justice (Al-Attas, 1989, p. 44). *Hisbah* serves as the moral and spiritual supervision system that ensures fairness (*'adl*), honesty (*amanah*), and social welfare (*maslahah*) (Choudhury, 2011, p. 265). Unlike the *laissez-faire* doctrine that assumes moral neutrality, al-Attas asserts that the market must operate within the bounds of metaphysical truth and ethical responsibility. The function of *Hisbah* in this sense goes beyond mere regulation; it becomes an epistemological safeguard that prevents the misuse of knowledge and power. Through *Hisbah*, the state and society collectively act as custodians of divine order in the economic realm, ensuring that human interactions reflect justice, moderation, and accountability. This framework transforms the market from a mechanism of profit maximization into a space for realizing *falah* the holistic welfare of humanity.

This study therefore seeks to analyze al-Attas's philosophical view of Adam Smith's market mechanism through the integrative framework of *Hisbah* and the *Tawhidic paradigm*. It aims to reveal how al-Attas's emphasis on *adab*, metaphysical order, and moral education offers a transformative alternative to the secular foundation of modern economics. By reinterpreting the market as a moral arena governed by divine principles, al-Attas restores the sacred dimension of economic life that has been eroded by materialism and individualism. Furthermore, this study highlights

the relevance of al-Attas's ideas for contemporary Muslim societies such as Indonesia, where economic policies often struggle to reconcile efficiency with justice (Chapra, 1992, p. 37). His integration of *Hisbah* as a "visible hand" of divine order provides a theoretical and practical foundation for ethical governance, aligning economic behavior with both Islamic principles and the humanistic ideals of Pancasila. Ultimately, this research contributes to the ongoing discourse on rehumanizing the economy through the Islamization of knowledge and the restoration of *adab*.

## Literature Review

Scholarly discussions on Adam Smith's concept of the *invisible hand* have been dominated by Western interpretations that associate it with the natural harmony of individual self-interest and social welfare (Smith, 1776, p. 421). However, several Islamic scholars have critically examined this notion, arguing that Smith's idea lacks metaphysical and moral grounding. Studies by Choudhury (2011) and Haneef (1995) emphasize that the Western market mechanism, while efficient in allocating resources, fails to address issues of distributive justice and spiritual welfare (Choudhury, 2011, p. 266). These studies conclude that the *invisible hand* operates within a secular epistemology that excludes divine guidance from human economic behavior. Such a view is incompatible with the Islamic vision of economy, which rests on the principle of *Tawhid* and regards ethical conduct as integral to economic order. In this context, Syed Muhammad Naquib al-Attas's critique provides a philosophical foundation for understanding how epistemological errors in Western economics lead to moral and social dislocation (Wan Daud, 1998, p. 104).

Existing literature on Syed Muhammad Naquib al-Attas, particularly by Wan Mohd Nor Wan Daud (1998) and Rosnani Hashim (2014), highlights that his philosophy of knowledge centers on *adab* the discipline of knowing and acting in accordance with the divine order (Wan Daud, 1998, p. 104). Al-Attas asserts that the crisis of modern civilization is fundamentally a loss of *adab*, which manifests in economic, political, and social spheres (Al-Attas, 1995, p. 2). In the economic dimension, the absence of *adab* results in the dehumanization of market practices, as seen in the pursuit of profit detached from ethical and spiritual consciousness. Scholars such

as Sardar (1985) and Alatas (2012) argue that al-Attas's *Tawhidic paradigm* offers a transformative epistemological framework to reintegrate values, ethics, and metaphysics into the structure of economic reasoning. His approach implies that economics cannot be separated from the cultivation of the moral self; rather, the economic agent must be educated through *ta'dib* the process of instilling correct knowledge and conduct. This idea provides the philosophical foundation for an ethical market guided not by the *invisible hand*, but by divine order and spiritual discipline.

Several studies on *Hisbah* such as those by Monzer Kahf (1986), Azizy (2011), and Akram Khan (2013) identify it as an essential institution for maintaining moral accountability and market justice in Islamic economics (Kahf, 1986, p. 62). These works emphasize *Hisbah* as both a moral filter and a mechanism of public supervision that ensures compliance with Shariah principles in economic activities. However, few studies have analyzed *Hisbah* through the lens of al-Attas's epistemology. From al-Attas's viewpoint, *Hisbah* is not merely an administrative body but the social embodiment of *adab*, functioning as a "visible hand" that manifests divine justice (*'adl*) within the marketplace. Integrating *Hisbah* within the *Tawhidic paradigm* ensures that the market operates under spiritual awareness rather than mechanistic logic. This research, therefore, extends the discourse by situating *Hisbah* within al-Attas's metaphysical and ethical thought, offering a new perspective that connects institutional accountability with the restoration of *adab* and the Islamization of knowledge (Wan Daud, n.d., p. 58).

## **Theoretical Framework**

### **Adam Smith's Market Mechanism**

Adam Smith's theory of the market mechanism, articulated in *The Wealth of Nations* (1776), remains foundational in classical economic thought. It proposes that self-interest, competition, and freedom function together as invisible forces that regulate the economy (Smith, 1776, p. 421). According to Smith, when each individual pursues personal gain, the "invisible hand" of the market directs these pursuits toward collective welfare. This mechanism operates under the assumption that humans are rational, self-regulating agents whose pursuit of profit will naturally produce

equilibrium and efficiency (Trianto, 2018, p. 57). However, Smith's framework is rooted in Enlightenment rationalism, which separates economic action from divine morality, assuming that order can emerge without spiritual or ethical intervention. This secular foundation implies that the economy functions autonomously from God, leading to what Islamic philosophers consider a "value-neutral" conception of human behavior. For this reason, Smith's invisible hand, though efficient, has been widely criticized for its inability to address moral failure, greed, and structural inequality within society (Sardar, 1985, p. 157).

## Hisbah

In Islamic economic thought, *Hisbah* represents the institutional embodiment of the Qur'anic principle of *amr bi al-ma'ruf wa nahy 'an al-munkar* (enjoining good and forbidding evil) (Kahf, 1986, p. 63). It functions as a mechanism for market supervision to ensure justice (*'adl*), transparency, and ethical behavior among economic actors. Classical scholars such as al-Mawardi and Ibn Taymiyyah emphasized that *Hisbah* protects society from exploitation and guarantees fairness in trade by enforcing Shariah-based moral conduct (Ibn Taymiyyah, 1983, p. 44). In modern terms, *Hisbah* serves as both a moral regulator and a socio-economic accountability system that corrects market failures caused by human fallibility. Within al-Attas's philosophical lens, *Hisbah* transcends administrative supervision—it becomes an epistemological manifestation of *adab*, ensuring that economic activities remain aligned with divine order (Al-Attas, 1995, p. 10). Thus, the *Hisbah* institution bridges the gap between spiritual consciousness and economic regulation, functioning as the "visible hand" of divine justice in contrast to Adam Smith's impersonal invisible hand (Wan Daud, n.d., p. 58).

## Tawhidic Paradigm

The *Tawhidic paradigm*, central to Syed Muhammad Naquib al-Attas's thought, asserts that all knowledge and activity must ultimately refer back to God as the ultimate reality and source of order (Wan Daud, n.d., p. 58). In this framework, economic life is

not autonomous but integrated into the spiritual and moral fabric of existence. Al-Attas views the modern economic crisis as a product of epistemological dislocation where humans no longer recognize the sacred hierarchy of being and thus prioritize material over spiritual values (Hashim, 2014, p. 72). The *Tawhidic paradigm* restores unity between knowledge (*'ilm*) and action (*'amal*), grounding market behavior in *adab*—the proper recognition and placement of things according to their divine purpose (Wan Daud, 1998, p. 112). Within this paradigm, economic equilibrium arises not from mechanical forces but from moral discipline and the cultivation of virtue. Consequently, the *Tawhidic paradigm* reframes economics as a sacred trust (*amanah*) rather than a secular enterprise, demanding that human actions serve justice, balance (*mizan*), and spiritual welfare (*falah*).

### Syed Muhammad Naquib al-Attas's Critical View

Al-Attas critiques the *invisible hand* as a symptom of the secularization of knowledge in modern economics. He argues that Smith's idea assumes that human reason and self-interest are sufficient to regulate the economy, neglecting divine guidance and moral accountability (Al-Attas, 1993, p. 15). For al-Attas, this epistemology represents a form of *zulm* (injustice)—a misplacement of values that treats material welfare as the highest good. By excluding God from the market, the *invisible hand* becomes a false order that replaces divine causality with human autonomy. Hence, al-Attas redefines true equilibrium not as self-regulation but as submission (*ubudiyyah*) to divine law, where justice and welfare flow from spiritual consciousness rather than from market dynamics. In this view, the secular foundation of Smith's thought reflects a deeper epistemic disorder: the detachment of economics from metaphysics, resulting in a system that prizes efficiency over ethical truth (Trianto, 2018, p. 57).

In contrast to Smith's mechanistic model, al-Attas asserts that the true "regulating hand" of the market is *adab* a spiritual and moral discipline rooted in the *Tawhidic worldview*. He identifies the loss of *adab* as the central crisis of modern civilization, manifesting in greed, exploitation, and detachment from truth. When *adab* is restored, human actions regain moral direction, and economic

activity becomes an act of worship (*ibadah*) (Wan Daud, 1998, p. 112). This transforms the market from a competitive battlefield into a moral ecosystem, where justice and moderation prevail. Within this view, *Hisbah* functions as the institutionalization of *adab*, ensuring that market practices remain anchored in truth, honesty, and divine accountability. *Adab* thus acts as a spiritual mechanism that guides rationality, turning economic rationalism into moral reason. Al-Attas emphasizes that without *adab*, even the most efficient economic systems will collapse into moral chaos and injustice (*zulm*), as efficiency alone cannot sustain ethical order (Al-Attas, 1993, p. 19).

Al-Attas's reinterpretation of *Hisbah* provides a bridge between metaphysical principles and social application (Al-Attas, 1993, p. 19). He envisions *Hisbah* not merely as a market police but as the guardian of moral order within the economic system. It operationalizes the *Tawhidic paradigm* by ensuring that economic interactions mirror the divine order—balancing material needs with spiritual responsibility. In this sense, *Hisbah* represents the “visible hand” of God, correcting the moral vacuum left by Smith's secular economics. Through *Hisbah*, al-Attas unites epistemology, ethics, and economics under a single metaphysical vision, where the purpose of market activity is not accumulation but *falah*—the holistic success of humankind in both worlds (Al-Attas, 1993, p. 47). Consequently, *Hisbah* becomes the social embodiment of *adab*, linking knowledge (*ilm*) and practice (*amal*) in a unified moral structure. This integration completes al-Attas's philosophical response to Smith: a transformation from a mechanistic to a spiritualized understanding of the market.

## Conceptual Relationship

This theoretical framework reveals a profound tension between Smith's secular notion of market efficiency and al-Attas's spiritually grounded vision of moral order. Smith's model relies on individual autonomy, assuming morality to be self-correcting, while al-Attas insists that true equilibrium requires divine reference and human *adab*. The integration of *Hisbah* and the *Tawhidic paradigm* provides a synthesis transforming the *invisible hand* into a visible “hand of faith,” where justice and welfare are achieved

through spiritual discipline and ethical governance. This conceptual relationship underlines that economic harmony in Islam is not a natural consequence of competition but a deliberate outcome of moral supervision rooted in divine unity (*Tawhid*). Thus, al-Attas offers an alternative philosophical model that rehumanizes economics and situates market dynamics within the sacred cosmology of Islam. His thought shows that genuine prosperity (*falah*) can only emerge when knowledge, ethics, and governance are harmonized under the oneness of God.

## Result and Discussion

### Brief Biography

Syed Muhammad Naquib al-Attas (1931–present) is an immensely influential Malaysian Muslim scholar, philosopher, and intellectual, globally recognized as a pivotal figure in contemporary Islamic thought and the pioneer of the Islamization of Knowledge. Born in Bogor, West Java, on September 5, 1931, he is a descendant of a noble lineage of Sayyids, tracing his ancestry back to the Prophet Muhammad through the line of Sayyidina Husein bin Ali bin Abi Talib. His extensive education began in Johor Baru and included religious and Arabic studies at Madrasa al-Urwatul Wutsqa in Sukabumi (1942–1945), military training at Eaton Hall in Chester, England, and the Royal Military Academy Sandhurst (1952–1959 AD). He obtained his Bachelor's degree in social sciences from the University of Malaya (1957–1959 AD), followed by a Master of Arts (M.A.) in Islamic Studies from McGill University, Montreal (1962). He culminated his education with a Ph.D. in Islamic philosophy and Islamic Malay literature from the School of Oriental and African Studies (SOAS), University of London. His unique intellectual position stems from his deep grounding in both Western and traditional Islamic sciences, which he leverages to present an authentic Islamic perspective on knowledge and civilization. He is renowned as the founder of the International Institute of Islamic Thought and Civilization (ISTAC) in Kuala Lumpur ("Syed Muhammad Naquib al-Attas," n.d.).

## Contribution to Islamic Economic Thought

Al-Attas's contribution to Islamic economic thought is fundamentally rooted in his philosophical framework of the *Tawhidic* paradigm and the concept of *adab* (ta'dib). His thought emphasizes that the core problem facing the Muslim *ummah* is the loss of *adab*, which is the acknowledgment and recognition of the proper place of everything in the order of existence, including one's relationship with God, self, society, and the universe. This intellectual stance serves as a profound critique of Western secular civilization, which, in his view, is characterized by a dualistic vision of reality, humanism, and secularization, leading to chaos and skepticism in knowledge (Omar & Kamaruzaman, 2020, p. 24).

In the context of the market mechanism, the *Tawhidic* paradigm is essential. Al-Attas's work implies that economic activity cannot be governed solely by unchecked *self-interest* or a value-free (neutral) science, as championed by Adam Smith's model. Instead, economic endeavors, like all human activities, must be oriented towards achieving a state of *adab* and justice (*ʿadl*). Therefore, for the market mechanism to be guided by the «Hand of God» (as opposed to the secular *invisible hand*), it must be framed by an institutional mechanism such as *Hisbah* (market supervision and ethics) to ensure that *Tawhid* is the source, and *adab* is the realized principle in transactions, thus maintaining justice and ethical standards (Syabani, n.d., pp. 1–2).

## Role in the History of Civilization

Al-Attas plays a leading role in modern Islamic intellectual civilization as the key architect of the «Islamization of Knowledge» (I of K) project, which he proposes as the solution to the decline of the Muslim *ummah*. His I of K process is a comprehensive intellectual effort that first requires *De-Westernization* the identification, separation, and isolation of secular elements from Western culture, philosophy, and values within the body of knowledge. This must be complemented by Islamization of language and the establishment of an Islamic worldview (Huringiin & Azfathir, 2018, pp. 272–273).

The ultimate goal of this project is not merely material growth, but the cultivation of the good human being (*insan kamil*)

through an educational system based on *ta'dīb* (education in *adab*). This perfect human being, possessing both intellectual capacity and *adab*, is the fundamental asset for building a civilized *ummah* (*al-insân al-kâmil*), which in turn leads to the re-actualization of the rise of Islamic civilization. By emphasizing *adab* as the discipline of body, soul, and spirit, his work provides the foundational philosophy for creating an economic and social order that is just, balanced, and contributes to the comprehensive flourishing (*falah*) of humanity (Ardiansyah et al., 2019, p. 54).

### **The Epistemological Foundation of the Invisible Hand: Secular Autonomy vs. Divine Order**

Adam Smith's theory of the *invisible hand* rests upon the Enlightenment assumption that human beings are rational, autonomous agents whose pursuit of self-interest naturally leads to collective welfare (Al-Attas, 1993, p. 19). This epistemological foundation reflects the secularization of knowledge, where the moral and metaphysical dimensions of human action are deliberately excluded from economic reasoning. Smith's belief in a "natural order" governed by human reason and competition presupposes that harmony and justice can emerge from the aggregation of individual self-interests without divine intervention. In this framework, the economy becomes self-regulating, and morality is treated as a private concern rather than a public necessity (Al-Attas, 1993, p. 20).

Al-Attas challenges this epistemology by arguing that such autonomy is an illusion arising from the *loss of adab*, or the failure to recognize things in their proper order. The market, according to him, is not an independent entity governed by blind forces but a moral arena reflecting human submission (*ubudiyyah*) or rebellion against divine order. When economic activity is detached from the metaphysical hierarchy of truth, it results in what al-Attas calls *epistemic corruption* a condition in which knowledge becomes fragmented and value-neutral. Thus, the "invisible hand" symbolizes not divine wisdom but human arrogance, where efficiency replaces justice as the measure of economic success. For al-Attas, true equilibrium arises not from the spontaneous coordination of self-interest but from the spiritual alignment of human will with divine

command, manifest through justice (*'adl*), balance (*mizan*), and moral awareness (Choudhury, 2011, p. 266).

### **The Role of Adab in Correcting Market Disorder**

For al-Attas, the moral crisis of modern economics is not merely a result of greed but a consequence of the *loss of adab* a deeper epistemological failure that distorts the relationship between knowledge, ethics, and action. The *invisible hand*, in this light, becomes the symbol of an economy operating without *adab* efficient but spiritually disordered. Al-Attas redefines *adab* not as etiquette or politeness, but as the proper discipline of the soul that places knowledge and action in harmony with divine reality. In the context of market behavior, *adab* functions as the true regulator of economic order, ensuring that individual actions are guided by moral consciousness rather than pure self-interest. When *adab* governs economic conduct, competition transforms into cooperation, and consumption becomes a means of gratitude (*shukr*), not excess (Khan, 2010, p. 12).

Within this framework, the restoration of *adab* is both a personal and institutional task. It begins with the education of the self (*ta'dib*), which aligns human will with divine guidance, and extends to collective mechanisms such as *Hisbah* that enforce moral discipline in market activity (Al-Attas, 1993, p. 45). Al-Attas argues that a market without *adab* cannot sustain justice, no matter how efficient its allocation mechanisms are, because justice is a moral reality, not a mathematical outcome. Therefore, *adab* operates as the spiritual counterpart to economic rationality it transforms market efficiency into moral harmony and repositions economics as a branch of ethical knowledge under the sovereignty of God. This redefinition rehumanizes economics, turning the pursuit of wealth into a pursuit of *falah*, or true success that integrates material sufficiency with spiritual integrity

### **Hisbah as the Institutional Manifestation of Adab**

The concept of *Hisbah* in Islamic civilization transcends its conventional economic definition as mere market supervision. It is, in essence, the institutional manifestation of *adab* the embodiment

of moral and epistemological order in public life (Al-Attas, 1995, p. 4). Al-Attas views *Hisbah* as a social mechanism that externalizes the spiritual discipline of the soul (*adab al-nafs*) into collective moral order (*adab al-mujtama'*) (Al-Attas, 1995, p. 5). Whereas *adab* regulates the self, *Hisbah* regulates society; both work in harmony to maintain the integrity of divine order (*mizan*). Within the *Tawhidic paradigm*, *Hisbah* operationalizes the relationship between faith and action by transforming individual virtue into social justice. It ensures that economic activity remains within the boundaries of truth (*haqq*), fairness (*'adl*), and compassion (*rahmah*), reflecting Islam's holistic vision of balance between material prosperity and spiritual well-being (Choudhury, 2011, p. 266).

Historically, *Hisbah* served as the institutional backbone of ethical governance in Muslim societies. The *muhtasib*, or market supervisor, was not a bureaucrat but a moral guardian a person of integrity responsible for maintaining justice in trade, transparency in transactions, and the welfare of the weak. This role aligns perfectly with al-Attas's notion of *ta'dib*, which emphasizes the cultivation of just character as the foundation of social order. Through *Hisbah*, knowledge (*'ilm*) and practice (*'amal*) merge into a single moral continuum, where economics becomes a field of worship (*'ibadah*) rather than competition. In this way, *Hisbah* institutionalizes *adab* by ensuring that moral consciousness is not confined to individual piety but is embodied in the public sphere through law, policy, and education (Choudhury, 2011, p. 226).

Furthermore, al-Attas's reinterpretation of *Hisbah* situates it as a crucial corrective to the epistemic fragmentation of modern economics. In the secular worldview, economic regulation is primarily technocratic concerned with prices, competition, and efficiency. In contrast, *Hisbah* integrates ethical and metaphysical dimensions, viewing regulation as a sacred duty (*amanah*) entrusted to those who uphold divine justice. It transforms governance into an act of worship and restores human accountability to God, not merely to market logic or state authority. Through this integration, *Hisbah* functions as the "visible hand of faith," actively guiding market behavior toward equilibrium that reflects both efficiency and spiritual harmony. In al-Attas's philosophical framework, the absence of *Hisbah* symbolizes the disintegration of *adab*, while its revival marks the re-establishment of divine order in the moral,

social, and economic spheres of life.

### **The Tawhidic Paradigm: Integrating Economics, Knowledge, and Ethics**

At the heart of Syed Muhammad Naquib al-Attas's philosophy lies the *Tawhidic paradigm*, a comprehensive worldview that integrates all forms of knowledge and human activity under the unity of God (*Tawhid*). This paradigm rejects the secular division between the sacred and the profane, insisting that economics, politics, science, and morality are all bound by a single metaphysical truth. In this framework, economic activity is not autonomous but subordinated to divine order; every action in the market is part of a spiritual continuum that reflects obedience (*ta'abbud*) to God. Hence, unlike Adam Smith's naturalistic model, which presupposes self-regulating harmony, the *Tawhidic paradigm* views equilibrium as a moral-spiritual condition achieved through *adab* and divine guidance.

Al-Attas argues that the disintegration of the *Tawhidic paradigm* in modern thought led to what he calls "epistemological confusion," in which humans perceive wealth as an independent reality rather than a trust (*amanah*). This fragmentation separates knowledge from ethics, producing what he terms "a loss of *adab*" the root cause of corruption in both the intellect and the social order. Within the Islamic worldview, knowledge (*'ilm*) is not value-neutral; it must lead to the recognition of God as the source of all reality (*haqq*).<sup>7</sup> Therefore, when economics is stripped of its metaphysical foundation, it degenerates into a system of power rather than justice. The *Tawhidic paradigm*, by contrast, re-establishes the vertical axis between the Creator and creation, restoring balance (*mizan*) in human interactions, including those within the market.

Under this paradigm, the ultimate purpose of the market is not accumulation (*takathur*), but cultivation (*tazkiyah*): the purification of wealth, intention, and action. Economic behavior becomes an extension of worship (*'ibadah*), guided by the principles of justice (*'adl*), trust (*amanah*), and mercy (*rahmah*). The state, in this model, is not a neutral arbiter but a moral educator that nurtures an environment conducive to *falah* comprehensive

success encompassing material welfare and spiritual tranquility. Al-Attas envisions a society where *adab*, *Hisbah*, and *Tawhid* form an inseparable triad: *adab* governs the soul, *Hisbah* governs the market, and *Tawhid* governs reality itself. Through this integration, the *Tawhidic paradigm* transforms economics from a purely material science into a sacred endeavor aimed at manifesting divine order in human life.

### **Comparative Synthesis: From the Invisible Hand to the Visible Hand of Faith**

The philosophical encounter between Adam Smith and Syed Muhammad Naquib al-Attas represents a clash between two distinct worldviews: one secular and anthropocentric, the other sacred and theocentric (Sardar, 1985, p. 157). Smith's *invisible hand* assumes that self-interest, when left unregulated, will naturally create social harmony through the mechanism of competition. Al-Attas, however, deconstructs this notion by arguing that self-interest, without moral and metaphysical orientation, leads not to harmony but to chaos — a form of epistemic disorder reflecting the *loss of adab* (Al-Attas, 1993, p. 15). For him, the market cannot be self-regulating because human desires are not self-purifying; they require divine guidance to transform from *nafsaniyyah* (egocentric) to *ilahiyyah* (God-conscious) motivation. Thus, where Smith's invisible hand symbolizes natural autonomy, al-Attas's "visible hand of faith" represents divine supervision manifested through *Hisbah* and *adab*.

The integration of these two concepts produces a meaningful synthesis: efficiency must be guided by ethics, and freedom must be disciplined by *adab* (Azizy, 2011). In al-Attas's vision, justice (*'adl*) is not an emergent property of market dynamics but a deliberate outcome of moral intention and spiritual education. Whereas Smith's model relies on self-correcting competition, the Islamic model relies on self-correcting conscience (*taqwa*) (Choudhury, 2011, p. 270). In this framework, *Hisbah* institutionalizes this conscience, ensuring that markets operate not merely for profit but for *falah* comprehensive success that unites material sufficiency with spiritual elevation. The *visible hand of faith* therefore does not negate the market's role; it redefines its moral foundation, transforming it

from a field of rivalry into a realm of virtue.

## Implications

The modern market system, rooted in Adam Smith's secular assumptions, has shown significant structural weaknesses when applied in contexts lacking moral and spiritual foundations. In developing countries like Indonesia, where capitalism operates without sufficient ethical oversight, economic growth often amplifies inequality and environmental degradation rather than justice. This mirrors what Syed Muhammad Naquib al-Attas describes as *epistemological confusion* the misplacement of values that treats wealth as an end rather than a means to *falah*. The erosion of *adab* in economic behavior leads to unbalanced policies that prioritize efficiency over equity. Consequently, the accumulation of capital in a few corporate entities undermines the welfare of Micro, Small, and Medium Enterprises (MSMEs), which form the backbone of Indonesia's economy. Without the reintroduction of moral order, as emphasized in al-Attas's *Tawhidic paradigm*, the market remains efficient yet spiritually barren and socially unjust.

Al-Attas's *Tawhidic paradigm* offers a transformative reorientation for modern economics, grounding market mechanisms within a sacred moral framework that unites knowledge (*'ilm*), ethics, and governance. This framework dissolves the false dichotomy between material and spiritual domains, positioning economic action as a form of worship (*'ibadah*) guided by justice (*'adl*) and balance (*mizan*). The reintroduction of *adab* and *Hisbah* into market systems functions as the "visible hand of faith" — an institutionalization of moral discipline that complements market freedom with divine accountability. In this model, the market is not abolished but elevated; its efficiency remains, but it operates under spiritual direction. For policymakers, this means shifting from value-neutral regulation toward policies infused with ethical intention, ensuring that growth contributes to distributive justice, sustainability, and human dignity. Such integration marks the restoration of *Tawhid* as the central axis of social and economic order.

The application of al-Attas's thought in Indonesia carries profound implications for the reformation of public policy,

education, and governance. Economically, it calls for a shift toward *Hisbah*-based supervision — a moral regulatory framework ensuring transparency, fairness, and social responsibility in markets. Institutionally, it encourages the integration of *adab*-based education (*ta'dib*) into economic curricula, cultivating leaders and entrepreneurs whose pursuit of profit aligns with spiritual and social objectives. At the policy level, adopting the *Tawhidic paradigm* supports the realization of Pancasila's fifth principle: "Social Justice for All Indonesian People," by linking *falah* with national development. Thus, Indonesia's future economic strategy must not only aim for competitiveness and growth but also for moral balance — where efficiency serves humanity and prosperity reflects divine justice. This is the philosophical foundation upon which a dignified and sustainable Indonesian economy can be built.

## Conclusion

The findings of this study conclude that Syed Muhammad Naquib al-Attas's philosophical critique transcends the economic debate over Adam Smith's *invisible hand* by exposing its deeper epistemological flaw — the secular detachment of economics from divine and moral order. Al-Attas argues that Smith's assumption of automatic harmony through self-interest reflects a loss of *adab*, leading to *zulm* (injustice) in the social and spiritual dimensions of economic life. The market, when detached from the metaphysical principle of *Tawhid*, may achieve efficiency but not justice. Through the integration of *adab*, *Hisbah*, and the *Tawhidic paradigm*, al-Attas reconstructs the concept of the market as a sacred space of moral interaction, where freedom is harmonized with divine accountability. The "visible hand of faith," as articulated in this study, serves as the corrective mechanism to secular economics, transforming the market from a self-regulating entity into a divinely guided system aimed at *falah* holistic success encompassing both material prosperity and spiritual balance.

The relevance of al-Attas's thought extends profoundly to contemporary challenges in Muslim societies, including Indonesia, where the dominance of value-neutral economic systems perpetuates inequality and moral decay. The integration of the *Tawhidic paradigm* into national economic policy can operationalize

the moral vision of Pancasila's fifth principle *social justice for all Indonesian people* by embedding *Hisbah*-based ethics, *adab*-centered education, and moral accountability in governance. Future research should explore models for institutionalizing this paradigm, linking philosophical insights with practical policy frameworks. Ultimately, this study affirms that sustainable economic welfare cannot emerge from the *invisible hand* of human ego, but only from the *visible hand of faith*, where economics is rehumanized, guided by divine unity, and anchored in justice.

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