



Universiteit  
Leiden  
The Netherlands

**The making of Islamic economics : an epistemological inquiry into Islam's moral economic teachings, legal discourse, and Islamization process**

AlDaghistani, S.

**Citation**

AlDaghistani, S. (2017, November 30). *The making of Islamic economics : an epistemological inquiry into Islam's moral economic teachings, legal discourse, and Islamization process*. Retrieved from <https://hdl.handle.net/1887/59472>

Version: Not Applicable (or Unknown)

License: [Licence agreement concerning inclusion of doctoral thesis in the Institutional Repository of the University of Leiden](#)

Downloaded from: <https://hdl.handle.net/1887/59472>

**Note:** To cite this publication please use the final published version (if applicable).

Cover Page



Universiteit Leiden



The following handle holds various files of this Leiden University dissertation:

<http://hdl.handle.net/1887/59472>

**Author:** AlDaghistani, S.

**Title:** The making of Islami economics : an epistemological inquiry into Islam's moral economic teachings, legal discourse, and Islamization process

**Issue Date:** 2017-11-30

# The Making of Islamic Economics

An Epistemological Inquiry into Islam's Moral Economic Teachings, Legal Discourse, and  
Islamization Process

PROEFSCHRIFT

ter verkrijging van

de graad van Doctor aan de Universiteit Leiden

op gezag van Rector Magnificus prof. mr. C.J.J.M Stolker,

volgens besluit van het college voor Promoties

te verdedigen op donderdag 30 November 2017

klokke 10.00 uur

door

**Sami Al-Daghistani**

geboren in 1986

## **Promotores**

Prof.dr.mr. M.S. Berger (Leiden University)

Prof. M. Schöller (WWU Münster)

Prof. W. B. Hallaq (Columbia University)

## **Promotiecommissie**

Prof. M. Ghaly (Hamad bin Khalifa University, Doha)

Prof. U. Ryad (Katholieke Universiteit Leuven)

Prof. A. de Jong (Leiden University)

Dr. C.A. Ennis (Leiden University)

Dr. A. Bdaiwi (Leiden University)

Cover text of Abū Ḥāmid al-Ghazālī's *Iḥyā'* retrieved from <http://ghazali.org/manuscript/ihya.jpg> (illuminated manuscript scanned from the Tunisian National Archives). Coin: "Minted in the year A.H. 333 at al-Muhammadiya, this gold coin names the prophet Muhammad as well as the reigning Samanid ruler, Nuḥ bin Nasr. Surrounding this text are two circular margins: the inner circle bears an inscription which lists the year and location of the coin's minting, while the outer has verses 4-5:30 of the Qur'an. The text on the coin's reverse is sura 112 of the Qur'an. Encircling the text are two margins, each bearing a Qur'anic verse (33:9 and 9:61)." © The Metropolitan Museum of Art, New York City. [www.metmuseum.org](http://www.metmuseum.org).

© 2017 Sami Al-Daghistani

All rights reserved. Without limiting the rights under copyright reserved above, no part of this dissertation may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording or otherwise) without the written permission of the copyright owner.

## Contents

Acknowledgments	vii
<b>Introduction</b>	<b>1</b>
1. The Premise	1
2. Five Aspects of the Thesis	4
2.1. The Western Philosophical Tradition and the Birth of Economic Science	5
2.2. The Genealogy of Modern Islamic Economics	14
2.3. Classical Scholarship and the Moral Self	17
3. Research Question	19
4. Methodology and Theoretical Basis of the Dissertation	20
5. Scholarly Relevance of Premodern Economic Teachings	25
<b>Chapter One: The Force of Revivalism and Islamization – Their Impact on Knowledge, Politics, and Islamic Economics</b>	<b>27</b>
1. The Socioeconomic Paradigm against the Backdrop of a Colonial Past	28
2. Contextualizing Muslim Revivalists’ Understanding of Socialism, Capitalism, and Spirituality	32
2.1. The Spiritual and Social Reconstruction of Colonial Life	33
2.2. The Social Logic of the State and the Material Imprint of Capitalism and Socialism	40
3. ‘Abū al-A‘lā Mawdūdī and the 20th Century Transition from Nation to Islamic State	44
3.1. Mawdūdī’s Key Islamic Concepts	45
3.2. Colonial Legacy and Mawdūdī’s Vision of an Islamic Society and State	47
4. Islam and Economic System between the 1930s and 1970s	52
4.1. South Asian Muslim Economists	52
4.2. Mawdūdī’s Economic System	55
5. Islamization of Knowledge Process and Contemporary Islamic Thought	58
5.1. Isma‘il al-Faruqī’s Division of Islamic Sciences	58
5.2. Muhammad Naquib al-Attas and the Metaphysics of Islam	61
6. Islamization of Islamic Economy (1979 – Present)	63
6.1. Islamization of Pakistan’s Economy	63
6.2. Intellectual and Institutional Efforts of Islamization	67
7. Concluding Remarks	69

<b>Chapter Two: The Present – Muslim Economists and the Constellation of Islamic Economics</b>	<b>72</b>
1. Introductory Remarks	72
2. Theories and Definitions – Recent Developments and Contentions	74
3. Methodologies of Contemporary Islamic Economics	81
3.1. The Epistemology of <i>Tawhīd</i> and the Religious Worldview	81
3.2. Ethical Premise of Economic System and the Islamic Personality	84
3.2.1. Social Justice and Moral Filter	87
3.2.2. The Component of <i>Falāḥ</i>	89
4. Islamic Economics and Forms of Western Knowledge	90
4.1. Islamic Economics versus Mainstream Economic Systems	90
4.2. Islamic Economics as Islamic and Social Science	93
5. Islamic Jurisprudential Economics and Islamic Law	97
5.1. <i>Mu‘āmalāt</i> as Commercial Law and <i>Maqāṣid al-Sharī‘a</i>	98
5.2. The Conception of <i>Zakāt</i> and <i>Ribā</i> in Contemporary Islamic Economics	102
6. Contemporary Muslim Economists’ Views on Classical Muslim Scholars	106
7. Concluding Remarks	107

<b>Chapter Three: The Past Perfect – <i>Sharī‘a</i> and the Intellectual History of Islamic Economic Teachings</b>	<b>111</b>
1. Widening the Scope of Classical Economic and Legal Thought in Islam	111
2. <i>Sharī‘a</i> ’s Legal Supremacy versus Moral Cosmology	114
3. <i>Maqāṣid</i> , <i>Istiḥsān</i> , <i>Maṣlaḥa</i> and the Economic Preservation in <i>Sharī‘a</i>	120
3.1. <i>Maqāṣid al-Sharī‘a</i> and <i>Maṣlaḥa</i>	121
3.1.1. Development of <i>Maqāṣid</i> , al-Juwāyni and al-Ghazālī	124
3.1.2. Al-Shāṭibī, Human Well-being and the Flexibility of <i>Sharī‘a</i>	127
3.2. <i>Istiḥsān</i> and <i>Istiṣlāḥ</i>	128
4. <i>Siyāsa Shar‘iyya</i> – between the Moral and Legal Realm	130
4.1. The Term and the Scope	130
4.2. <i>Siyāsa</i> in Classical Islam as Law and Policy	132
5. Qur’anic Metaphysics and the History of Islam’s Moral Economics	134
6. The Nature of Markets, Price Control, and the Notion of Fair Price	141
7. The Value of Wealth ( <i>māl</i> ) and the Hereafter	145

7.1. <i>Kasb, Faqr, and Zuhd</i>	145
7.2. <i>Zakāt</i> as Charity and <i>Ribā</i> as an Ill Use of Money	155
8. Productivity, Value of Labour, and Cooperation	157
8.1. Division of Labour and Mutual Cooperation	157
8.2. Ethical Principles of Trade Activities	159
8.3. Overall Well-being and Development through Economic Provision	162
9. Islamic Authority ( <i>Wilāyah</i> ) and the Principle of Moral Integrity	163
9.1. <i>Hisba, Muhtasib</i> , and the Supervision of Markets	164
9.2. Advice for Rulers, Public Finances, and the Aims of Just Governance	165
10. Concluding Remarks	169

## **Chapter Four: The Appraisal – Contemporary Islamic Economics and the Entrenchment of Modernity**

1. Introductory Remarks	172
2. Modern Divergences of <i>Sharī‘a</i> ’s Moral Principles	174
2.1. Islamic Conceptions of the Modern State	177
2.2. Contemporary Convergences of <i>Siyāsa</i> as Politics	180
3. Critiquing the Discipline of Islamic Economics	183
3.1. Amalgamation of Religious and Mainstream Economic Systems	184
3.2. Methodological Flaws and Epistemological Inconsistencies	189
3.3. The Erroneous Coupling of Islamic Economics with the Social Sciences	191
4. The Islamization of Economics	194
4.1. Islamizing Knowledge	194
4.2. Islamizing Economics	197
5. Concluding Remarks	198

## **Chapter Five: Pluralistic Epistemology of Islam’s Moral Economics**

1. Introduction	202
2. Moral Cosmology and Pluralistic Epistemology in Islamic Tradition	204
2.1. Moral Cosmology and Economics	204
2.2. The Theory of Pluralistic Epistemology	206
3. Economic Development in Light of Spiritual Prosperity	211

## **Conclusion – Moral over Legal, Pluralistic over Monolithic**

Appendix: Figures	220
-------------------	-----

Figure 1. History and Development of Economic Thought in Islamic Tradition	220
Figure 2. <i>Kasb-zuhd</i> Amalgam under the Banner of <i>Tawakkul</i>	221
Figure 3. Categorization of the Contingent Fields of Economy, Society, and Ecology within the Cosmological Order	222
Figure 4. Economic Behavior as the Result of the Pluralistic Epistemology of <i>Sharī'a</i> , Infused with the Moral and Legal Domain	223
Bibliography	224
Summary	253
Samenvatting	255
CV	257

## Acknowledgments

This thesis is the product of four years of coursework and research conducted as a double-PhD student at Leiden University, Columbia University, McGill University, and Westfälische Wilhelms-Universität in Münster.

I have been fortunate to be surrounded by scholars in Islamic Studies from whose scholarship I have benefited, immensely. They have helped me form and nuance my arguments, enthusiastically reading chapters of my thesis and offering key insights. I would like to thank my supervisor at Leiden University, Professor Maurits Berger, who persistently and diligently supervised every step of my PhD studies, and whose bi-weekly meetings, in order to discuss the thesis and its progress, contributed to its end product. At Leiden University, I am also grateful to professors, colleagues, and staff members, including the Leiden Center for the Study of Religion, Leiden Institute for Area Studies, Leiden University Center for the Study of Islam and Society, and Netherlands Interuniversity School for Islamic Studies, as well as to Leiden University Funds.

At WWU Münster, I would like to credit my supervisor, Professor Marco Schöller, for his supervision and encouragement; and Dr. Monika Springberg-Hinsen for her prompt assistance and support at the Institut für Arabistik und Islamwissenschaft. Likewise, I would like to thank Taner Yüksel and Murat Şahinarslan from DITIB Türkisch-Islamische Union der Anstalt für Religion e.V. in Cologne for their academic and financial support.

My utmost gratitude and appreciation for his time, knowledge, and mentorship goes to my supervisor at Columbia University, Professor Wael Hallaq, who not only read, commented, and discussed in detail chapters Three, Four and Five of this dissertation, but who also helped shape my understanding of the nuances within Islamic intellectual and legal history. Professor Hallaq's seminars and workshops on Islamic intellectual history, and numerous discussions with him in and outside of his office hours, remain some of my most cherished academic moments of my PhD research. I am also grateful to Professor Timothy Mitchell at Columbia University for reading and providing comments for Chapter One, and to Professor Hossein Kamaly at Columbia University for his invaluable comments and suggestions. Likewise, I would like to express my thanks to Professor Katherine Pratt Ewing, the Director, and to Walid Hammam, the Associate Director, of the Institute for Religion, Culture, and Public Life (IRCPL) at Columbia University, for providing me with an academic platform, workspace, and wonderful colleagues, as well as to Professor Marnia Lazreg at Hunter College in New York for her insightful analysis and discussion. The two years spent as a Visiting Scholar at the Department of Middle Eastern, South Asian, and African Studies (MESAAS), as well as at IRCPL deepened my critical orientation and provided me with numerous academic incentives, projects, and collaborations.

At McGill University, where I spent the winter term of 2014, I would like to extend thanks to my mentor, Professor Ahmad Ibrahim, whose courses on Islamic law prompted me to carry on ongoing research and teaching activities in this domain, as well to Adina Sigartau for her invaluable help at the institute.

At Amsterdam University, I am indebted to Professor Michael Kemper for his time and commentary he provided for my thesis.

On a personal note, I am grateful to Dr. Mahmood Kooriathodi and Eftychia Mylona for their friendship and immense help surrounding my PhD defense process.

I am also thankful to my Slovenian, Iraqi, Iranian, American, Serbian, and Filipino family, for their love, inspiration, and support. My love and gratitude goes to my beloved parents, mama Marija, and *baba* Nabil, whose affection and encouragement followed me to the four corners of the Earth. Last but not least, I would like to thank my wonderful wife and intellectual partner, Kristin Soraya Batmanghelichi, who persevered with me throughout the last three years of my PhD studies in New York, and whose love, care, motivation, and assistance supplied me with much needed affection, understanding, and guidance.

Certain sentences and passages in Chapters Two, Three and Four have appeared in my MA thesis on al-Ghazālī (concluded in 2013 at Leiden University) and in the following two articles: “Al-Ghazali and the Intellectual History of Islamic Economics.” *ZIT Jahrbuch für Islamische Theologie und Religionspädagogik: Islamische Gelehrten neu gelesen*, WWU Münster, 2014/3; and “Semiotics of Maṣlaḥa and Islamic Economic Theory.” *International Journal for the Semiotics of Law (IJSL)*, published by Springer, February 2016.

