This book presents a collection of papers on the origins of economic thought discovered in the writings of some prominent Islamic scholars that date from about the five centuries prior to the Latin Scholastics such as St Thomas Aquinas. This period was labelled by the late Joseph Schumpeter as the “Great Gap” in intellectual history—a “gap” that is well embedded in almost all relevant literature. However, it is during this period that Islamic civilization was the most fertile ground for intellectual activity, including socio-economic thought. Further, this scholarship significantly contributed to the European Renaissance Enlightenment.

Focusing in particular on the evolution of economic thought in medieval Islamic scholarship, this book is a significant attempt to fill the Schumpeterian “gap”.

S.M. Ghazanfar has been a faculty member at the University of Idaho since 1968, and has received numerous awards for his scholarly contributions. He has published in various areas of economics, and his recent work has been the origins of economic thought in medieval Islamic scholarship. He recently contributed to the television documentary Islam: Empire of Faith (2001).
MEDIEVAL ISLAMIC ECONOMIC THOUGHT

Filling the “Great Gap” in European economics

Edited by S.M. Ghazanfar
Foreword by S. Todd Lowry
DEDICATED TO MY LATE FATHER,
S.MAHBUB BAKHSH, WHOSE MEMORY
HAS BEEN SINGULARLY MOST
INSPIRATIONAL THROUGHOUT MY LIFE
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The Anglo-American intellectual tradition focuses on the north European Atlantic-oriented societies during their cultural development over the last few centuries. This is particularly true of the history of economic thought. The consolidation of nation states and the growth of international commerce in England, France, the Low Countries, and the Hanseatic cities during the sixteenth and seventeenth centuries provided the foundations for the agricultural and industrial revolutions of the eighteenth and early nineteenth centuries. It is not surprising, therefore, that the classic paradigm in economic thought, set out in J.A. Schumpeter’s erudite *History of Economic Analysis* in 1954, concentrated on the thought of this period with an emphasis on the “Great Gap” between the philosophical contributions of ancient Greece and their rediscovery in the Middle Ages. The interval between the intellectual culture of antiquity and its north European “rebirth” or Renaissance has been labelled the “Dark Ages” from a north European idiosyncratic perspective. Professor S.M. Ghazanfar has formally challenged this mindset, the “Great Gap” thesis that was emphasized by Schumpeter.

The historical facts are undeniable, namely that the culture of antiquity was sustained and developed in the Islamic world during the medieval period; and the intellectual darkness in northern Europe from the seventh to the eleventh century AD was a strictly local phenomenon. The torchbearers of ancient learning during the medieval period were the Muslims, and it was from them that the Renaissance was sparked and the Enlightenment kindled. This has been amply demonstrated in the history of science and mathematics in recent years. For example, in the early twelfth century, the Englishman Adelard of Bath travelled to Muslim Spain and Syria, collecting and translating Arabic manuscripts on mathematics. He is credited with bringing Euclid’s *Elements* into the medieval academic world. What has been generally ignored, however, is the character and sophistication of Arabic writings on economic subjects.

The Muslim Scholastics oriented much of their work in terms of theological discourse, as did the Christian schoolmen. The number of these Christian writers that were able to read Arabic is little noted and the parallels between
Muslim and Christian writings have yet to be definitively drawn. We can observe, however, for illustrative purposes, that the Scholastic doctrine of *Lucrum Cessans* or *A Value Conceded*, used by Christian theologians to justify the charging of a price to cover lost income resulting from the lending of money (opportunity cost), was a Muslim doctrine dating from early medieval times, according to Maxime Rodinson’s *Islam and Capitalism* (1978). The influence of Aristotelianism as characterized by Louis Baeck in his *The Mediterranean Tradition in Economic Thought* (1994) was primarily moral. The Muslim Scholastics, preceding the Christian schoolmen, also couched their writings in moral or religious terms. They were, however, primarily dealing with practical issues of the day in the idiom of their culture. Yassin Essid, in his *A Critique of the Origins of Islamic Economic Thought* (1995), has described the administrative orientation of the institution of the *muhtasib*, or ombudsman, or market manager and judge. The manuals that provided guidance and instruction for his conduct give us a clear picture of the economy of the Muslim city. This official was in charge of weights and measures as well as standards of fairness and quality that are preconditions for the functioning of markets. Regulations varied with the need to protect the public and the economic health of the city from forces that would limit the fair balance of trade or take advantage of shortages of necessary consumer goods. This tradition was carried into Muslim Spain with the institution of *El Señor del Suq*, or master of the market. The Arabic word for market, *suq*, is preserved in modern Spanish as *zoco* or *zocolo* meaning central market or plaza.

It was an Islamic principle not to set prices for the market, but, by the same token, there was no equivalent to the eighteenth-century belief in natural order emerging from the market. The market regulators could set maximum and minimum prices for goods and had elaborate rules illustrating the need to protect a zone of fair bargaining from a very sophisticated capacity for mercantile fraud. Requiring similar crafts and traders to be aggregated in separate sections of the market promoted competition and comparative shopping. Close supervision of weights and measures and quality also supported the market function. Once when a Tunisian friend came into my office, I was apprised of an old Arabic epithet when he commented, “This place looks like a *suq*!”—a jumbled mess. It is in this context that we must approach Professor Ghazanfar’s interest in the economic writings of the Muslim theologians and the parallels with their Christian cohorts. Not only were the Muslim commercial towns of Spain and north Africa more sophisticated and better managed than the nascent towns of eleventh- and twelfth-century Europe, excepting Italy, but the European Scholastics and mathematicians looked to the Muslim world for their intellectual progress, as did the merchants. The Greek classics, particularly Aristotle’s work, were accessible through translations from the Arabic. The strength of the commercial culture of the Mediterranean during the Middle Ages has been somewhat ignored and brushed aside by the idiosyncratic nationalism of the Atlantic states. We have forgotten the trade languages. *Lingua Franca* in the
eastern Mediterranean and Saber in the western Mediterranean, and the academic contacts between Cordoba and Paris. When, in the thirteenth century, the English sought to protect their small farmers from cattle theft and untrustworthy continental cattle buyers, they established special market towns with specific market days. The market rules prohibited forestalling, engrossing and regrating. Forestalling was buying from a farmer en route to the market with cajoling stories of collapsed prices, etc. It also meant that sales had to take place in the open market to be legal. In this way stolen cattle could be identified. It is hardly an accident that these three restrictions existed in the Muslim market rules with similar definitions (Essid, 155–7). As the “less developed” countries—France, the Netherlands and England—took up an active commercial life, it makes sense for us to look at their intellectual and practical evolution as an extension of the Mediterranean experience.

The eminent analyst of medieval Scholasticism, Odd Langholm, in his recent book *The Legacy of Scholasticism in Economic Thought* (1998), brings out the institutional practicalities of Scholastic policy and theory. This same perspective on the relation between Muslim and Christian Scholasticism is in order and is a badly needed step toward a proper understanding of the influence of the superior Muslim scientific and philosophical erudition of medieval times. Not only can it be documented that many scientists and theologians in the medieval period read Arabic, it is strange that St Thomas Aquinas’ embrace of Aristotelianism has seldom been correlated with a familiarity with Muslim academic erudition, since Aristotle’s works were being drawn from Muslim intermediaries. Aquinas was raised in Naples, in the shadow of the then cultural sophistication of the Court of Frederick II in Sicily. Professor Ghazanfar has the study of Aquinas’ Arabic sources.

Furthermore, it is well known that the work of Averroes (Ibn Rushd) and Avicenna (Ibn Sina) were dominant influences in the School of Paris. It is, therefore, high time for extensive study of the Muslim literature of the time as the basis for a broader perspective on our theoretical heritage and the history of our economic customs and practices. It is seldom noted that our word *cheque* for a financial instrument comes from an Arabic term, and that our word *magazine* for storage room or literary collection comes from the Arabic word for warehouse.

*S.Todd Lowry
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Lexington, Virginia, June 2002*
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I wish to extend my appreciation and thanks to several people whose contributions and assistance made this volume possible.

Most importantly, I acknowledge, with gratitude, the contributions of Dr Abdul Azim Islahi of the Aligarh Muslim University, Aligarh, India, formerly of the King Abdulaziz University, Jeddah, Saudi Arabia. It was during my 1983–6 affiliation with the King Abdulaziz University when Dr Islahi and I began our collaboration on several research ventures. As a junior colleague and an economist, with impeccable fluency in the Arabic language, he was able to meaningfully translate and assist in interpreting much of the Arabic-language literature that formed the main source of our three jointly authored papers, reproduced in the present volume. I salute Dr Islahi for his contributions and his assistance. Relatedly, I give thanks to Dr M. Nejatullah Siddiqi, also formerly of the King Abdulaziz University, presently residing in California, for his collaborative lead in the Abu Yusuf paper. Furthermore, Dr Hamid Hosseini of King’s College, Wilkes-Barre, Pennsylvania, deserves appreciation for allowing two of his published papers to be included in this volume.

My deep thanks also to Dr S. Todd Lowry, Emeritus Professor of Economics, Washington and Lee University, Lexington, Virginia, and about the most prominent contemporary scholar of early economic thought. I vividly remember his enthusiasm when, as a discussant, he encountered my original paper on the “gap” thesis, presented at the 1988 History of Economics Society conference in Toronto, Canada. Ever since, he has been a close friend, a mentor, and, given his own familiarity with the early Islamic scholarship, an inspiration in several of my research efforts. Thus it was natural that I should ask him to write a foreword for the present volume; he kindly agreed to do so. I am grateful, Todd.

I wish to acknowledge, with thanks, the research support provided by the University of Idaho’s College of Business and Economics during several summers. Without this support, some of the papers in this volume would perhaps not have become reality. That support indeed not only provided encouragement but also reflected endorsement for my efforts in pursuing relatively non-mainstream research.
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And, last but not the least, my deep gratitude to my wife, Rukhsana, for her love and encouragement in helping me to finalize this project.

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INTRODUCTION

S.M. Ghazanfar

While the 9/11 apocalyptic nightmare and subsequent events have generated an environment in which academic discussions of the “civilizational clash” vis-à-vis the West and the Islamic world have surfaced to the common consciousness, this very phenomenon also suggests the intense need for a dialogue across cultures and nations. That indeed was the spirit behind the 1998 United Nations resolution which declared 2001 as the “Year of Civilizational Dialogue”. While the present volume focuses primarily on economic thought in the writings of several medieval Islamic scholars, it also documents the multi-dimensional linkages and influences, extending over several medieval centuries, between the then vibrant Islamic civilization and the evolving Latin-European culture. In that sense, this book may make some modest contribution toward cultivating the spirit of dialogue and appreciation of inexorable historic connections between the two worlds whose origins lie in the same crucible.

The book is a single-volume collection of papers, published during recent years in various national and international journals, on the subject of the origins of economic thought among medieval Islamic Scholastics; this is not a book about Islamic economics, however. A key stimulus for these papers emanates from a blind spot that has long prevailed in the relevant literature and which was further strengthened and perpetuated by the late Joseph A. Schumpeter. In his classic History of Economic Analysis (1954), Schumpeter propounded the “Great Gap” thesis, namely that the several centuries between the Greeks and the Latin Scholastics (particularly St Thomas Aquinas, 1225–74) were simply “blank” centuries (Schumpeter, 74). During this period, argued Schumpeter, nothing of relevance to economics was written anywhere (nor was anything written, it would seem, in any other discipline) (Schumpeter, 52). Such a claim is patently untenable, as argued in Chapter 1 of this volume.¹

Unfortunately, however, the “gap” tradition is well entrenched in almost all relevant literature—indeed, in almost all literary history. The literature on economic ideas, often presented as “universal”, “comprehensive” and “international in scope”, almost invariably begins with Aristotle (384–
322BC), then leaps to St Thomas Aquinas and beyond, but is restricted to European/North American scholarship. Despite his insistence on “intellectual continuity” and “filiation of ideas”, Schumpeter chose to disregard the contributions from other civilizations and cultures, in particular the contributions of medieval Islamic writers. Almost precisely during this period, the Islamic civilization represented about the most fertile environment of intellectual activity in almost all areas of then known endeavours, including socio-economic thought. With the background of the rediscovered Greek intellectual reservoir, numerous Islamic scholars developed concepts and notions on various economic topics, among other things, which are remarkably similar, though less elegantly couched, to those found in the writings of subsequent European scholars as well as in the contemporary literature; some Islamic sages even wrote separate treatises specifically devoted to economic/commercial issues. Further, almost all of this intellectual output was transferred en masse, through various sources and over several centuries, to early Latin-Europe. And this knowledge transfer facilitated the twelfth-century Renaissance, with its emphasis on science and philosophy, and laid the foundations for “the Protestant Reformation in the sixteenth century and eventually the rise of modern science in the seventeenth” (Nebelsick, 9). Indeed, this was the period when “Islam was at one and the same time the enemy and the great source of higher material and intellectual culture” (Watt 1965, 180).

While the blind spot of the Schumpeterian literature “gap” persists in much of the mainstream literature, there is evidence of some recent accommodative gestures. The 1994 History of Economics Society conference commemorated the 50th anniversary of Schumpeter’s classic, and it included sessions on the “gap” thesis (the lead paper, “Post-Greek/pre-Renaissance economic thought”, is included in the present volume). Subsequently, several papers from this conference were published in an edited volume, and in referring to the “gap” controversy, the editor says:

of all Schumpeter’s alleged errors in the HEA, the one that seems to have stirred up the most debate among historians is Schumpeter’s remark about the alleged “Great Gap” in the flow of analytic discussions between the ninth and fourteenth centuries.

(Moss 1996b, 5)

And he further points out:

Thanks to the research presented…and to a variety of important other writings and papers…as this century ends, historians can celebrate some success in responding to Schumpeter’s implicit challenge. (The textbook literature in the history of economics has yet to take adequate notice of this literature, however.)

(ibid., 7)
INTRODUCTION

It is gratifying to note that some textbook literature is beginning to be a bit inclusive. The most notable is the fourth edition of the Landreth-Colander text which, as part of pre-classical economic thought, includes a section on Arab-Islamic thought and provides some references for the interested reader (see Landreth and Colander, 32–4). Another is the sixth edition of the Ingrid Rima text, which makes a brief reference to Islamic scholarship, though somewhat tentatively (Rima, 10).

Thus the present volume aspires to fill the “Great Gap” that unfortunately is part of the otherwise monumental legacy of the late Joseph Schumpeter. Altogether, the volume includes fifteen papers (including two brief papers, one being a commentary on the 1990 Al-Ghazali paper and the other a rejoinder) -all except one previously published. Given the range of topics covered, it seems appropriate to present the papers in an approximate chronological sequence. Thus each paper is identified and briefly described below.


Chapter 2, “Economic thought of an Arab Scholastic: Abu Hamid Al-Ghazali, (1058–1 111AD)” (published 1990), presents several aspects of Al-Ghazali’s economic thought—voluntary-exchange market economy, ethics of market behaviour, private ownership, hierarchy of production activities (including specialization and division of labour), evolution of money, regional trade, role of the state, and public finances

Chapter 3 is “Economic thought and religious thought: a comment on Ghazanfar and Islahi” (published 1995). The comment is a critique of the 1990 Al-Ghazali paper, and the author argues that Ghazali’s economics is essentially religious thought and nothing more.

Chapter 4 is “A rejoinder to ‘Economic thought and religious thought’” (published 1995). This response argues that Ghazali’s economics is no more “religious” than that of some Latin-European Scholastics, most notably St Thomas Aquinas, and entirely consistent with the theological-philosophical debates of the age.

Chapter 5, “Explorations in medieval Arab-Islamic thought: some aspects of Ibn Taimiyah’s economics” (published 1992), presents several aspects of Ibn Taimiyah’s economics—operations of the free market, price determination through demand and supply, administration of markets through hisbah, or ombudsmen, property rights, money and its functions, and the promotion of socio-economic justice through the state.

Chapter 6 is “History of economic thought: the Schumpeterian ‘Great Gap’, the ‘lost’ Arab-Islamic legacy, and the literature gap” (published 1995). The main focus of the paper is to provide evidence, based on a survey of several textbooks, of the literature gap in the mainstream literature on economic thought.
Chapter 7, “Understanding the market mechanism before Adam Smith: economic thought in medieval Islam” (published 1995), argues that the Islamic scholars developed a sophisticated view of the markets, given a mercantile-commercial society; the discussion extends to Dimishqi and the Persian scholar Ibn Iskandar.

Chapter 8, “The inaccuracy of the Schumpeterian ‘Great Gap’ thesis: economic thought in medieval Iran (Persia)” (published 1996), extends the “gap” critique further and presents a survey of the economic thought of several Iranian (Persian) Islamic scholars during the “gap” period—Kai Kavus, Nezam-al-Mulk, Berun, Farabi, Tusi, Assad Davani, and others.

Chapter 9, “Explorations in medieval Arab-Islamic economic thought: some aspects of Ibn Qayyim’s economics” (published 1997), presents Ibn Qayyim’s views on economic pursuits under Islam, views on affluence and poverty, the economic significance of Zakah (mandatory charity), the prohibition of usury, public sector intervention, etc.

Chapter 10, “Medieval Islamic socio-economic thought: links with Greek and Latin-European scholarship” (published 1997), presents a synopsis of the Greek intellectual heritage of the Islamic scholars upon which the latter developed their own synthesis (that included socio-economic thought), followed by a brief survey of the economic thought of several Islamic scholars, as well as of the links with the Latin-European intellectual evolution.

Chapter 11, “Post-Greek/pre-Renaissance economic thought: contributions of Arab-Islamic Scholastics during the ‘Great Gap’ centuries” (published 1998), presents some key aspects of the economics of several Islamic scholars (Abu Yusuf, Alberuni, Al-Ghazali, Tusi) and documents the various sources of transmission of knowledge from the Islamic world to medieval Latin-Europe.

Chapter 12, “Economic thought of Al-Ghazali and St Thomas Aquinas: some comparative parallels and linkages” (published 2000), identifies several parallels and similarities between the major economic ideas of these two Scholastics, including:

1 cheating, fraud, and prices (including the notion of “just” price),
2 prohibition of usury,
3 value and prices,
4 limits on profits,
5 views on private property,
6 hoarding; and
7 counterfeiting and currency debasement.

Also discussed is the direct/indirect influence of the work of Islamic scholars (especially Al-Ghazali) on St Thomas Aquinas.

Chapter 13, “Early medieval Islamic economic thought: Abu Yousuf’s economics of public finance” (published 2001), discusses several key public finance issues in an exchange-economy environment, e.g. “canons of taxation”
INTRODUCTION

(similar to Adam Smith), tax incentives, proportional vs. fixed-amount tax on land, sharing of public spending on “benefits-divisible” projects, and so forth.

Chapter 14, “Public-sector economics in medieval economic thought: contributions of selected Arab-Islamic scholars” (published 2001), presents a focused survey of the specific public finance issues discussed by three Islamic scholars: Abu Yousef, Al-Ghazali, and Ibn Taimiyah.

Chapter 15 is “Medieval social thought and European Renaissance: The Influence of selected Arab-Islamic Scholastics” (presented 2001). This capstone paper begins with a reference to the UN-declared “Year of Civilization Dialogue” (2001), then briefly surveys the contributions of key Islamic scholars (Al-Kindi, Al-Razi, Al-Farabi, Ibn Sina, Al-Ghazali, and Ibn Rushd) followed by some discussion of the specific influence of Ibn Rushd (“the Islamic Aristotle”; “the landmark of reason”) that eventually challenged the St Thomas synthesis (Summa Theologica) in Latin-Europe.

Before concluding this introduction, some caveats are in order. First, since the chapters were originally published independently of each other, there is often reference to the “gap” thesis, as well as mention of some other key points. However, as presented in this collected volume, such references will obviously appear repetitive. With due apologies, the editor requests the reader’s tolerance and forbearance. Further, the chapters interchangeably use terms such as “Arab” scholars, “Arab-Islamic” scholars, or simply “Islamic/Muslim” scholars. While in some sense the distinctions may be appropriate, our reference throughout is to the Islamic (or Muslim) scholars, whether Arab, Iranian or Persian, who wrote their discourses in the early Islamic civilization. And, finally, it is to be noted as well that while terms such as “capitalism”, “market economy”, “price system”, and “voluntary-exchange economy” are of rather recent origin, the assumptions underlying the economic discussions of the medieval Islamic scholars were essentially the same as those of a contemporary market economy, albeit with an administrative role for the state in order to pursue the goal of common good. Parenthetically, also to be noted is the meaning of the word “medieval”. While the word (sometimes used synonymously with “Middle Ages”) refers to the European Dark Ages, covering approximately the period from around the eighth to the fourteenth century, this referent hardly suits the Islamic civilization of that time, often identified as the “Golden Age” of Islam. However, we have followed the usual practice, and the word “medieval” is used as referring to its common meaning.

Note

1 To be sure, this “gap” had been pointed out in an Urdu-language article published in India in 1964; see Siddiqi (1964).
1
SCHOLASTIC ECONOMICS
AND ARAB SCHOLARS
The “Great Gap” thesis reconsidered

S.M. Ghazanfar

Introduction
Joseph Alois Schumpeter (1883–1950) stands among the intellectual giants of the twentieth century, especially in the field of economics; in his long and varied impact on the profession, he is second only to Maynard Keynes. He was a pragmatist in his economic philosophy, an “objective scientific investigator with no particular axe to grind” (Newman et al., 746). His encyclopedic History of Economic Analysis, edited after his death by his wife and published in 1954, is a monument to his gigantic and versatile achievements; and it remains the locus classicus of almost all works in this area.

The inspiration for the present paper comes primarily from this Schumpeterian classic (1954), as do the quotations from Schumpeter that appear here. However, my purpose is a bit out of the ordinary: I propose to take issue with the “Great Gap” thesis that this eminent scholar propounded. He argued that “economic analysis begins only with the Greeks”, not to be reestablished until the Scholastics emerged with St Thomas Aquinas; the many “blank” centuries within that span represent the Schumpeterian “Great Gap” (52). This thesis has been deeply entrenched as part of the accepted tradition and is reflected in almost all relevant literature.

I shall begin with a brief discussion of the “Great Gap” thesis and the tradition it perpetuated in the profession, followed by some analysis and evidence disputing its validity. Next I shall present illustrative synopses of the economic thought of a few selected Arab scholars who, writing prior to the medieval European Scholastics, offered rather detailed and sophisticated discourses on numerous economic issues. Then, some evidence will be presented regarding the transmission of Arab economic thought into Latin and the incorporation of that stream into Scholastic economics. I shall conclude this paper with a plea that the contributions of the Arab scholars to economic thought be “rehabilitated” in the science of economics for the sake of doctrinal continuity as well as objectivity.
THE “GREAT GAP” THESIS RECONSIDERED

The “Great Gap” thesis and the perpetuation of a tradition

In his *History*, Schumpeter presents “the intellectual efforts that men have made in order to understand economic phenomenon or, which comes to the same thing, the history of the analytic or scientific aspects of economic thought” (3). He states that scientific analysis is

an incessant struggle with creations of our own and our predecessors’ minds and it “progresses”, if at all, in a criss-cross fashion, not as logic, but as the impact of new ideas or observations or needs, and also as the bents and temperaments of new men, dictate. Therefore, any treatise that attempts to render “the present state of science” really renders methods, problems, and results that are historically conditioned.

Schumpeter’s main purpose is “to describe what may be called the process of Filiation of Scientific Idea...the process by which men’s efforts to understand economic phenomena produce, improve, and pull down analytic structures in an unending sequence”. But, “this filiation of ideas has met with more inhibition in our field”. Thus, he says, the obvious answer is “the study of doctrinal history” (6).

Schumpeter defines science as “tooled knowledge”, typified by the use of “special techniques” and the “command of facts unearthed by these techniques which are beyond the range of the mental habits and the factual knowledge of every day life” (7). Then, after classifying Greek economic thought as being consistent with his definition of science (in terms of economic orthodoxy whereby, for example, St Thomas’ “just price” is viewed as equivalent to the normal, competitive market price: see Schumpeter, (93); see also de Roover (1965)), Schumpeter leaps over to the thirteenth century and chooses St Thomas Aquinas’ *Summa Theologica* as the key to scientific thought and “the earliest and most important step in methodological criticism taken in Europe after the breakdown of the Graeco-Roman world” (8). Thus, despite his earlier emphasis on the evolutionary nature of economic thought, subject to “predecessors”, “historical conditioning” and “process of filiation”, now Schumpeter disregards the possibility of almost any developments, economic or otherwise, elsewhere during the intervening period—i.e. between the Greeks and the Scholastics.

Later, Schumpeter is more explicit. Before undertaking a discussion of the “classical situation” that emerged with Adam Smith, he attempts to cover the whole span of the more than 2,000 years that extends from the “beginnings” to about twenty years after the publication of
In chapter 2 of part II, Schumpeter begins with a discussion of the “Great Gap”. Reference is made to the Byzantine emperors who must have “reasoned” about a “host of legal, monetary, commercial, agrarian, and fiscal problems...If they did, however, the results have been lost” (73). Further, not much of any significance happened in the Germanic states of the West, either. The philosophers who adorned the courts of Germanic rulers “touched upon economic questions incidentally, if at all”. Such arguments lead to Schumpeter’s conclusion:

So far as our subject is concerned we may safely leap over 500 years to the epoch of St Thomas Aquinas (1225–1274) whose *Summa Theologica* is in the history of thought what the western spire of the Cathedral of Chartres is in the history of architecture.

The implication here is that for more than five hundred years prior to the writings of the Scholastics, nothing of any significance to economics was said or written anywhere else—as though the period of Europe’s Dark Ages was a universal phenomenon that extended over the intellectual evolution of the rest of the world.

Thus Schumpeter strengthened and perpetuated a tradition that, unfortunately, was already well established in the literature from about the late 1800s. There is hardly any book, beginning with William J.Ashly’s *An Introduction to English Economic History and Theory* (1888), that does not echo Schumpeter’s sentiments, punctuated only by a very rare footnote or reference to Arab scholarship during those “blank” centuries.

We can verify briefly this persistent tradition in more concrete terms. About the most widely read post-Second World War text has been Eric Roll’s, originally published in 1954; and it fully reflects, to this day, the extant tradition -there is not a single reference to any of the Arab precursors of the Scholastics. In 1964, Henry Spiegel published his edited volume on the subject, which “covers Aristotle down to the present” and is intended to be “international in scope” (Spiegel 1964, ix). Further, while introducing Richard Tawney’s essay on medieval economic thought, Spiegel says this “thought is inspired by ethics, and reflects the doctrines of Aristotle as well as the Hebrew-Christian tradition” (Spiegel 1964, 16). There is no mention of the Arab-Islamic tradition that influenced the Scholastics; the same is true of Tawney’s essay. Another example is the Spengler-Allen compilation of essays on this subject, almost as much a classic as Schumpeter’s *History*; here, too, those intervening centuries (about 500–1200AD) are assumed “blank”.

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the *Wealth of Nations*. This task is much facilitated by the further fact that, so far as the purposes of history are concerned, many centuries within that span are blanks.

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Another well-received book on the subject recognizes, referring to the medieval economic thought, that “it is inconceivable that there was no ‘economic thought’ over so many years—even in the Dark Ages” (Newman et al., 15). Yet the editors do not explore the “inconceivable”, and simply begin with the Scholastics; the tradition persists. The same is true of a relatively recent book by Barry Gordon, whose title Economic Analysis Before Adam Smith suggests that it might deviate from the tradition; the book is intended to cover the “ideas, personalities, and events of antiquity, the middle ages, and the Renaissance” (Gordon 1975, xi). However, aside from a brief reference to “Arab commentators like Averros [Averroes] and Avicenna”, the “gap” lingers on (1975, 154).

The only recent scholar who briefly departs from the Schumpeterian tradition is Karl Pribram (1877–1973), whose classic has been published recently (also posthumously). Pribram chooses to begin with the thirteenth century. While claiming that the “history of economics starts with the Thomistic economic doctrines”, he recognizes the influence of not only the Aristotelian thought on the Scholastics but the “treatises in which Arabian philosophers had interpreted Aristotle’s work in the light of their own reasoning” (Pribram, 4). Elsewhere, while tracing the evolution of Europe’s Renaissance and discussing the “disintegration of Thomistic reasoning”, he mentions “two significant streams” of influence emanating from the Arab-Islamic world. Thus

one stream originated in Italian cities, which in the wake of the Crusades had established relations with the traders of the Near East and had adopted various institutions and devices which were at variance with the rigid pattern of the medieval social and economic organization. The other, far more important, stream started, within the body of Scholastic theologians, who derived their intellectual armory from the works of Arabian philosophers.

(Pribram, 21)

Here one can see some clues as to the origin and evolution of Scholastic economics.5

However, the critical question is this: if economic analysis began with the Scholastics, how were they able to develop and assimilate such a voluminous body of thought on economic issues (not to speak of other matters of human intellectual evolution) during the thirteenth, fourteenth and early fifteenth centuries? George O’Brien, writing on medieval economics in the 1920s, quotes a contemporary French scholar named Jourdain as saying

that he carefully examined the work of Alcuin, Rabanas Mauras, Scotus Erigenus, Hincmar, Gerbert, St Anselm and Abelard—the greatest lights of theology and philosophy in the early Middle
Ages— without finding a single passage to suggest any of these authors suspected that the pursuit of riches, which they despised, occupied a sufficiently large place in national as well as individual life to offer to the philosopher a subject fruitful in reflections and in results.

(O’Brien, 14)

That is, these pre-Thomas Latin Scholastics had nothing to say on economic matters; thus they can be eliminated as sources of influence on Thomistic economic thought.

Such “irrelevance” of economics in early Christian thought is clearly acknowledged even by Schumpeter. Lamenting this situation, Schumpeter writes that

whatever our sociological diagnosis of the mundane aspects of early Christianity may be, it is clear that the Christian church did not aim at social reform in any sense other than that of moral reform of individual behavior. At no time even before its victory, which may have roughly dated from Constantine’s Edict of Milan (313AD), did the church attempt a frontal attack on the existing social system or any of its more important institutions. It never promised economic paradise, or for that matter any paradise this side of the grave. The How and Why of economic mechanisms were then of no interest either to its leaders or to its writers.

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However, Schumpeter argues that the thirteenth century is distinguished from the previous era due to the theological-philosophical revolution, which was caused by the resurrection of “Aristotelian thought”. But he dismisses Aristotelian influence as the chief cause of St Thomas’ “towering achievement”. He insists, “I do not assign to the recovery of Aristotle’s writings the role of chief cause of thirteenth century developments. Such developments are never induced by an influence from outside” (88).

What was true in Schumpeter’s time and what has since become even clearer is something amply manifested through research in medieval history: that is, Scholasticism was ecclesiasticism made up of Patristic, Aristotelian, Neoplatonic and Arab-Islamic thought. Schumpeter acknowledges, explicitly or implicitly, all except the last as the major sources of influence. He seems aware of such an influence, as is evident from his brief statement and a footnote, concerning “Semitic mediation” (87) through Avicenna (Ibn Sina, 980–1033), Averroes (Ibn Rushd, 1126–98), and Maimonides (Ibn Maimon, 1135–1204). Beyond this, however, Schumpeter chose not to explore. In the words of Bernardelli, who, incidentally, points out a similar, but historically minor, “mishap” in Schumpeter’s History, such an attitude is “all the more disappointing”, as Schumpeter “must have been well aware of the fascinating process of cultural diffusion” between the Arab world and
the West; and by restricting himself to Europe, Schumpeter “grossly underestimated the richness in analytical content of the Mesopotamian contributions” (Bernardelli, 320).

Clearly, the reason for Schumpeter’s omission could not be the lack of availability of the works of Arab scholars. For almost a century prior to Schumpeter’s time, a plethora of those volumes was available in all major European languages (with which Schumpeter was familiar), and these works showed that of all the medieval scholars mentioned by Schumpeter, there was none that had not been influenced by Arab scholars. The names cited by Schumpeter are: Robert Grosseteste, Alexander of Hales, Albertus Magnus, St Thomas Aquinas, St Bonaventura, Duns Scotus, Roger Bacon, Marsilius of Padua, Richard of Middleton, Nicholas Oresme, and Joannes Buridanus; but there are others who were similarly influenced—such as Siger of Brabant, John Peckham, Henry of Gant, William of Occam, Walter Burley, and William of Auvergne (see, for example, Afnan; Callus; Copelston; Crombie; Durant; Hammond; Harris; Leff; Myers; Sarton; Sharif; Sheikh). Surely, the possibility of this influence should have made Schumpeter a little tentative in insisting on the “discontinuity” in intellectual evolution, even if he was reluctant to acknowledge the possibility of Arab scholars’ impact on Scholastic economic thought, and even if these scholars were to be viewed simply as “interpreters” or “transmitters” of Greek thought.

Whatever might have been Schumpeter’s motivation for disregarding the influence of Arab-Islamic scholars, the results have been most unfortunate for the history of economic thought. The fact that his book became a classic helped to perpetuate what we may call a “blind spot” in economics. Any attempt at extracting the economic thought of St Thomas, as Schumpeter did, must lead one to consult his Opera Omnia, Summa Theologica and Summa contra Gentiles, and one cannot do so without seeing some references to Arab scholars, such as Al-Farabi (Alfarabus), Ibn Sina (Avicenna), Averroes (Ibn Rushd), and Al-Ghazali (Algazel). While such encounters are unavoidable, they seem to have failed to arouse scholarly curiosity on the part of Schumpeter and others who wrote in his tradition. Thus one looks in vain in the works of an equally distinguished scholar, Jacob Viner, who discusses the economic ideas of Scholastics, especially St Thomas Aquinas; and he, too, accepts the “gap” and chooses to treat the several intervening centuries as mere “blanks”.

Despite the foregoing, however, there are a few scholars of medieval history who would reject the Schumpeterian “Great Gap” as patently absurd:

1 “No historical student of the culture of Western Europe can ever reconstruct for himself the intellectual values of the later Middle Ages unless he possesses a vivid awareness of Islam looming in the background” (Butler, 63).
“Without the influence of Arabian Peripateticism, the theology of Aquinas is as unthinkable as his philosophy” (Harris, 40).

“The fact that Aquinas derived ideas and stimulus from a variety of sources tends to suggest both that he was an eclectic and that he was lacking in originality... In other words, the more we know about Aristotle and about Islamic and Jewish philosophy, as also of course about previous Christian thought, the more we may be inclined to wonder what, if anything, is peculiar to Aquinas himself” (Copelston, 181).

“In the 12th and 13th centuries, the first period of European impingement, Arabic philosophical writings exerted a significant stimulative influence on the great synthesis of Christian Aristotelianism by St. Albert the Great and St. Thomas Aquinas... [T]his influence has not only been extensive and profound, but relatively continuous and astonishingly diversified” (Rescher, 156–7).

“The Arab has left his intellectual impress on Europe, as, before long, Christendom will have to confess; he has indelibly written it on the heavens, as anyone may see who reads the names of the stars on a common celestial globe” (Draper, vol. 2, 42).

Indeed, it is the enormity of this kind of diverse influence of Arab-Islamic knowledge upon medieval Europe which forms the basis of Haskins’ book title, The Renaissance of the Twelfth Century (1927).

Arab scholars’ economic thought and its transmission to European Scholastics: a sketch

It is appropriate at this point to present a brief outline of the available corpus of economic ideas emanating from Arab scholars prior to the emergence of Scholastic economic thought, and to offer some evidence as to the transmission of those ideas to the Scholastics. Indeed, it is possible to demonstrate, based on available historical research, that the Arab scholarship, itself stimulated by the Greeks and further developed in light of the Islamic ethos, not only inspired Scholastic thought, but that much of that scholarship became incorporated in Scholastic writings.

A survey of the relevant literature enables one to identify numerous prominent Arab scholars (both from the Islamic East and the West). As with the Scholastics, the primary focus of these scholars was not the domain of economic aspects of life. One chiefly encounters theological-philosophical ratiocination in their treatises, and not economic content as we now know the subject—i.e. not the abstract economic principles and models that one encounters in contemporary texts. Within the religious-ethical system of Scholastic jurisprudence, whether Islamic or Christian, the assumption was that all behaviour, including economic life, is teleological, in that its ultimate aim is God and salvation. Thus the economic thought emanating from either
the Arab-Islamic or European-Christian scholars was never elaborated in separate volumes; indeed, such a “segmented” treatment hardly would have been compatible with the prevailing emphasis on the “unity of knowledge” as a fundamental principle of learning.

From a list of at least thirty Arab scholars over the period 700–1400, economic “synopses” of only four such scholars will be presented:

**Abu Yousuf (731–98)** The main point of this scholar’s works, as that of several others, related to the economic responsibilities of the rulers; thus much of Abu Yousuf’s discussion pertained to agricultural relations and taxation. He preferred the state taking a proportion of agricultural produce from the farmers rather than levying a fixed rent on land. This, he thought, was more equitable and more conducive to large revenue because it facilitated the expansion of the area under cultivation. Further, he states certain principles of taxation that anticipate those discussed by the classical economists centuries later—often called the “canons of taxation”. The ability to pay, taxpayers’ convenience, and also tax administration issues are discussed by Abu Yousuf. He also discusses the need for developing socio-economic infrastructure (roads, bridges, canals, etc.). He emphasizes the role of free markets, within the prescribed Islamic constraints, and is against price-fixing by the authorities—though state intervention may be required to regulate the markets in order to protect the society from elements of monopoly, hoarding and other corrupt practices.

**Ahmed Ibn Hanbal (780–855)** As the founder of the fourth school of Islamic jurisprudence, Ahmed Ibn Hanbal discussed the problems of promoting socio-economic welfare (*maslaha*) in great detail—he insisted on greater flexibility and realism concerning changing economic issues. He talked in terms of fairness of market competition, such that monopolies would not emerge—in which event state intervention may be necessary. He also talked of granting maximum freedom of contact and enterprise, and, in that context, he would allow conditions to be attached to contracts, something generally disallowed by the other schools.

**Abu Muhammad Ibn Hazm (d. 1064)** Ibn Hazm was a great jurist whose unique approach to Islamic law rejected analogical reasoning. With a clear perception of the state’s collective responsibilities, he discussed various means to removing poverty and securing socio-economic justice through redistribution. Further, he was the only scholar among the four schools of Islamic jurisprudence who prohibited the renting of agricultural land; he thought the owner should cultivate land himself or enter into a sharecropping arrangement with another. Thus some have labelled him as socialistic. It should be noted, however, that the majority opinion in Islamic jurisprudence allows the renting of agricultural land.
Abu Hamid Al-Ghazali (1058–1111) “The greatest Muslim after Muhammed” (Watt 1964:vii). Up to the thirteenth-century advent of European Scholastics, Al-Ghazali is about the most prominent scholar who discussed economic issues extensively; in fact, a large section of his foremost classic, *Ihya Ulum al-Din* (Revival of the Religious Sciences), is devoted mainly to economic issues, such as voluntary market exchange, stages of production, poverty and income distribution, division of labour, trading among cities, public finance issues, principles of government for rulers, usury, barter and need for money, counterfeiting and debasement of money (preceding Nicholas Oresme, who is often credited with the origin of what later became “Gresham’s Law”), ethics of market behaviour, and other topics (see Ghazanfar and Islahi for details).

There are some other prominent scholars of the medieval Arab-Islamic world who wrote on economic issues—in particular, Ibn Taimiyah (1263–1328), Ibn Qayyim (1292–1350), and, of course, Ibn Khaldun (1332–1404). However, although each relied heavily on their predecessors, they seem to be contemporaries of the thirteenth-century European Scholastics, and Ibn Khaldun appeared after them; thus, it is possible that the pre-1300 Scholastics (such as St Thomas) were not influenced by their writings.

It is useful, in the present context, to refer to an excellent paper on the economic thought of Ibn Khaldun by Joseph Spengler. This paper represented a significant departure from his earlier work. Here, before discussing Ibn Khaldun’s economics, Spengler provides a glimpse of the economic thought of some other Arab scholars who wrote during the “blank” centuries and whose works were translated into Latin from the eleventh century onward. Spengler discovers that these scholars had dealt with major economic issues similar to those identified in the previous paragraphs above.

While Spengler’s paper reflects somewhat of an “orientalist” tone, he concedes that Ibn Khaldun’s knowledge of economics “greatly transcended that present in the works” of the Greeks. Further, he states that one is compelled to infer from a comparison of Ibn Khaldun’s economic ideas with those set down in Muslim moral-philosophical literature that the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge.

(Spengler 1964, 304)

Indeed, one can add that some of the economic knowledge available to Ibn Khaldun also was available in one form or another to the early Scholastics, as well as to Ibn Khaldun’s contemporaries, and others who followed. That becomes evident from even a cursory exploration into medieval intellectual
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history. When Europe became interested in science and philosophy during the eleventh and twelfth centuries, these disciplines were already at their peak in the Arab-Islamic world, and Europe was anxious to learn. The transmission of this knowledge to Europe took several forms.

First, during the eleventh and early twelfth centuries, several European scholars (such as Constantine the African and Adelard of Bath) travelled to Arab countries, learned Arabic, and brought back to Europe their newly acquired knowledge.

Second, during this period,

many students from Italy, Spain and southern France attended Muslim seminaries in order to study mathematics, philosophy, medicine, cosmography, and other subjects, and in due course became candidates for professorships in the first Western universities established after the pattern of Muslim seminaries.

(Sharif, 1367)

These halls of new learning were established in cities such as Naples, Padua, Salerno, Toulouse, Salamanca, Oxford, Montpellier, and Paris. Further, the Council of Vienna (1311) established several schools of Oriental languages at the request of Raymond Lull (1232–1315), who had travelled widely in the Arab world, knew Arabic, and had written several works in that language, with the objective of engaging in “missionary work among Saracens and Jews” (Durant, 979). Indeed, it was “in the 12th century [that] Europe discovered the wealth of Spain. Scholars descended upon Toledo, Cordova, and Seville, and a flood of new learning poured up over the Pyrenees to revolutionize the intellectual life of the adolescent North” (Durant, 909).

Third, from the eleventh through the fourteenth centuries, there were mass translations of the works of Arab scholars into Latin—not only those written in Arabic, but also those which had been translated earlier from Arabic to Hebrew. “The stream whereby the riches of Islamic thought were poured into the Christian West was by translations from Arabic into Latin” (Durant, 910). This “translation movement” took place in Spain, Italy, and France. Some prominent “scholar-translators” identified by medieval historians were Adelard of Bath, Constantine the African, Michael Scot, Herman the German, Dominic Gundisalvi, John of Seville, Plato of Trivoli, William of Luna, Gerard of Cremona, and Alfred of Sareshel, and there were many others. Many of these scholars could read and write Arabic, as well as other languages of the region (see Sharif; Durant; Myers). Indeed, it is also well known that the Franciscan monk Roger Bacon (1214–94) was familiar with Arabic. It is such impact which persuades Gordon Leff to suggest that “intellectually, the difference between [the] 12th and 13th century was, at its broadest, the difference between isolation from the Islamic world and contact with it” (Leff, 141). Further, during the fourteenth and fifteenth centuries, the Latin
Scholastics were also indirectly influenced by the writings of their Latin predecessors (Crombie, 30).

Finally, in addition to the enormous catalogue of translated works, another important source of influence was oral transmission—something for which documentation is not readily available. While tracing links between Arabic, medieval Spanish, and European thought, Chejne argues that “particularly oral transmission was an important factor, and...this is proven by internal literary evidence in both Arabic and Western materials” (Chejne, 11). Further, oral transmission [was] achieved by a long and permanent contact between Muslims and Christians, for whom the question of communication did not constitute a serious obstacle due to the fact that bilingualism in Spain was common. Eight or more centuries of such an intimate contact is, in itself, quite persuasive an argument for a cultural interaction and continuity...It is from this [vantage] point that more weight should be given to oral transmission, which often extended well beyond the frontiers of Spain. (Chejne, 120)

Notwithstanding the foregoing, one may ask the question: if the Arab scholars influenced the Scholastics in philosophy, ethics, and sciences, what was their influence on economic thought? An objective examination of historical facts would lead one to conclude that this impact was far greater than has been acknowledged generally. In fact, the opportunity for Arab economic thought to influence medieval Europe was even greater than that of Arab philosophy or Arab science. As noted earlier, all medieval scholarship -Islamic as well as Christian, Arab as well as European—was based on the principle of “unity of knowledge”; and economics, to the extent it was addressed, was part of moral philosophy and ethics, whereby the measure of man was man, not things, and the ultimate measure was God and salvation.10

In addition to translations and oral transmission, there were two additional channels through which economic ideas flowed to Europe: trade and commerce, and the cultural diffusion of institutions and processes into European societies before and after the Crusades.11 Several writers have shown how trade was conducted from the Arab world through Russia to Poland, the shores of the Baltic Sea, to Scandinavia, to north-central Europe, and even Iceland (see, for example, Cook; Draper, Heaton). With trade followed the diffusion of economic institutions and processes, to which Karl Pribram also refers, as noted earlier. Not only did the coins from the Arab countries circulate freely in medieval Europe, but so also did various techniques and methods of commerce, as well as the spirit of enterprise and adventure. In addition, the “demonstration effect”, induced by the introduction of a variety of new goods, soon spread to Europe (Cook, 219). The spirit of enterprise was further nurtured by Arab scholars, for whom the Islamic scriptures
mandated economic enterprise. “Muslim writers of this period do tend to be more sympathetic to mercantile activity than those of Christian Europe...much of early Islamic literature was in fact written in a mercantile environment” (Cook, 226).

Further, Udovitch (1970b) reports his discovery of a fifteenth-century commenda between a Venetian and an Arab merchant in Alexandria. The commenda and other partnership contracts were indigenous to the Arab world and spread to Latin Europe through contacts and the writings of Arab scholars and jurists. Similarly, the emergence of various other instruments and institutions facilitated the development of commerce and trade in Europe—such as bills of exchange (suffajah), letters of credit (hawala), specialized trading centres (funduq), and a kind of early private bank (ma’una). In the same vein, as further evidence of the influence of economic institutions and instruments through trade, Kramers postulates that the IOU document may have come from “the Arabic word sakk, from which the modern word cheque has been derived” (Kramers, 102). Not only does Kramers trace the Arabic origin of several other commercial terms, he also talks of the “manifold ways in which commercial relations led to close cooperation between Muslims and Christians” (Kramers, 102).

The discussion thus far has attempted to demonstrate that opportunities were available to the thirteenth-century Scholastics in the form of a vast pool of economic ideas, institutions and processes, which they could borrow from the Arab world and assimilate into their own economic and philosophical-theological discourses. Yet, it might be asked: why are there so few appropriate citations to the works of Arab scholars in the writings of the Scholastics?

There are several reasons why one may not find such citations. First, there is the medieval Scholastics’ attitude toward Islam in general and Arab scholarship in particular. The Crusades epitomized this attitude, which is well documented historically; indeed, its legacy is contemporary “orientalism” (see, for example, Bechingham; Daniel; Said; White). One may also conjecture that Schumpeter’s assertions of the “Great Gap” and “blank” centuries represent yet another illustration of that attitude. Moreover, it is an established fact that the Scholastics perceived Islam and the ideas of Arab scholars such as Ibn Sina (Avicenna), but especially Ibn Rushd (Averroes), as threats to Christian dogma. The list of 219 condemnations (“Averroes” heresies, as they were called), published in 1277 by Etienne Tempier, Bishop of Paris, was a clear manifestation of those fears (Durant, 957–8). The successive waves of translations

in the 12th and 13th centuries brought to the West the revelation and challenge of Greek and Muslim philosophies so different from the Christian that they threatened to sweep away the whole theology of Christendom unless Christianity could construct a counter-philosophy. (Durant, 949)
Durant goes on to say that “Thomas Aquinas was led to write his *Summas* to halt the threatened liquidation of Christian theology by Arabic interpretations of Aristotle...indeed, the industry of Aquinas was due not to the love of Aristotle but to fear of Averroes” (Durant, 954). Aquinas subsequently was able to overcome this “fear” by relying heavily on Al-Ghazali. According to Myers, “since Al-Ghazali placed science, philosophy, and reason in position inferior to religion and theology, the Scholastics accepted his views, which became characteristic of most medieval philosophy” (Myers 1964, 39–40).14 Jurji is even more specific; he asserts that Al-Ghazali’s work “was paralleled by Thomas Aquinas in the discourse on Christian doctrine and in other portions of the *Summa Theologica*” (Jurji 1979, 313). Indeed, Al-Ghazali’s *Tahafut al Falasifa* (Incoherence of Philosophers) was primarily directed against the Arab Aristotle, Ibn Sina (Avicenna), whose rationalism was viewed as a challenge to Islam, as well as a threat to the Christian theology of Latin-Europe. Under this kind of a confrontational social-religious environment, it made sense not to rely openly on “alien” Arab-Islamic sources, for Christendom was already undergoing its internal turmoil.

Further, it should be pointed out that intellectual borrowing without acknowledgment was not an uncommon practice among the Scholastics and others at the time, including the Arab scholars—“property rights” in twentieth-century terms had not arrived yet. It is a fact that the Spanish Dominican monk, Raymond Martin, an influential contemporary of St Thomas, borrowed for his own books from Al-Ghazali’s *Tahafut, Maqasid, Al-Munqidh, Mishkat al Anwar,* and *Ihya Ulum al-Din* without mentioning any references (Sharif, 1361). St Thomas Aquinas, however, was somewhat of an exception, for he would quote Avicenna, Averroes, Al-Ghazali, and others—although, in the words of Myers, the Scholastics “discarded [those ideas that] conflicted with Christian teaching and adopted those that appeared to them reconcilable”, Further, Albertus Magnus and his pupil, St Thomas Aquinas, made it “the goal of their lives to reconcile Aristotelian and Moslem philosophy with Christian theology” (Myers 1964, 16).

**Conclusion**

The purpose here has been to demonstrate the considerable influence of Arab scholars on economic thought as it evolved from Scholastic writings, and to point out a serious omission in the history of economic science—indeed, in the history of ideas—of the profound contributions made by those scholars. The primary motivation behind this article has been to draw attention to a stubborn blind spot in the history of economic thought, to suggest that the “Great Gap” thesis is patently untenable, that Arab scholars were more than mere “interpreters” and “transmitters” of Greek thought, that the medieval Scholastics had both the motive and opportunity to assimilate the ideas and concepts developed in the Arab-Islamic world, and that they did so.
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It must be stated emphatically, however, that the purpose has not been to denigrate the enormous contributions of the Scholastics, nor to suggest that they lacked originality. Nor can one deny the corpus of Greek heritage available to Arab scholars, upon which they built their own edifice, inspired and bonded by their own young faith. Nevertheless, it must be stated that access to the economic writings of Arab scholars persuades one to be quite sceptical of the “Great Gap” thesis. Further, one experiences similar uneasiness about the disregard, benign or otherwise, on the part of recent economic historians for the contributions of Arab scholars in the evolution of economic thought and institutions during the medieval period. Even if one grants that, despite evidence to the contrary, there was not much available during Schumpeter’s time to allow exploration into the medieval intellectual links between the Arabs and the Scholastics, the wealth of research since then no longer absolves economic historians—indeed, the profession generally—to allow this lapse in objectivity to persist. Along with the Greeks and Romans, the Arab contributions to economic thought and to the discipline of economics in general should be recognized appropriately in the literature to shed any inhibitions that Schumpeter mentioned, so that the discipline truly reflects, as he aptly stated, “an incessant struggle with the creation of our own and our predecessors’ minds”, and so that the process of the “filiation of ideas” is carried forward unabated. Such indeed is the professional imperative, in order for the history of economic ideas to achieve the doctrinal continuity that any discipline deserves.

Notes

1 This paper first appeared in Diogenes: International Review of Humane Sciences, published by the International Council for Philosophy and Humanistic Studies, Paris, no. 154, April-June 1991 (published in seven languages). An earlier version of the paper was presented at the History of Economics Society conference in Toronto, Canada, June 1988. The author has benefited from comments by discussants, especially Professor S.Todd Lowry of Washington and Lee University, who also separately communicated some useful suggestions. Also, the author gratefully acknowledges comments from Professor Warren S.Gram of Washington State University; and Professor Jurgen Backhaus of the Rijksuniversiteit, the Netherlands. Thanks are also owed to two graduate students: Mr A.Rubian, who suggested some useful references, and Mr Steve Peterson, who provided some research assistance. Any shortcomings remain the author’s responsibility.

2 Schumpeter’s other important works, The Theory of Economic Development (1917) and Business Cycles (1939), are in the field of business-cycles theory. Like Wesley Mitchell, Schumpeter believed the study of cycles depended on insights into the entire capitalistic process, a topic he pursued in his Capitalism, Socialism and Democracy (1942).

3 See, for example, S.M.Ghazanfar and A.Azim Islahi, “Economic Thought of an Arab Scholastic: Abu Hamid Al-Ghazali (1058–1111AD)”, History of Political Economy, (1990); vol. 22 no. 2 pp. 381–403.

4 In order to establish further the scientific nature of the Scholastics’ thought, Schumpeter argues: “They produced principles that were not only formative but also explanatory. They created juristic logic that was applicable to a wide variety of social patterns. So far as their facts were economic, their analysis was economic.
analysis” (69). However, such methodology came from their Arab predecessors, for “the scholastic method used by the medieval Christian scholastic was already in current use among Muslim jurists long before St. Thomas” (Chejne, 111–12).

A recent book by S. Todd Lowry criticizes Schumpeter for insufficient recognition of the Greek origins of modern economic analysis (Lowry 1987, xiv). In this book the author stays with the Schumpeterian tradition as far as Arab scholarship is concerned; in another edited volume, however, Lowry includes an excellent article on Islamic economic thought (see Lowry (ed.) 1987). Further, it must be acknowledged that, based on personal conversations and communications, Todd Lowry is about the only contemporary eminent scholar of economic thought who is willing to recognize the contributions of Arab-Islamic Scholastics. In a recent letter to the author (22 August 1990), Lowry states: “the Medieval Europeans got their Greek economics served on an Islamic plate”. It is safe to say that this “plate” was garnished substantially by Arab scholarship.

There are several “pre-Schumpeter” publications in French, German, English, and Spanish that abundantly document such an influence. See, for example, Forget (1894); Goichen (1944); Hammond (1947); Mehren (1890); Palacios (1935); Plessner (1928); Renan (1938); Wensinck (1940); Wustenfeld (1877); and others.

One can grant Schumpeter the benefit of the doubt and argue in his defence as follows: his disregard of the Arab contributions might have been simply “benign neglect”—a sign of the times, that is, not a conscious act of prejudice, but merely an “institutionalized” phenomenon, reflecting, as Daniel succinctly describes, “a cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel, The Cultural Barrier, 87); he was unaware, or only peripherally aware, of the Arab contributions and their influence upon the Scholastics; he might have felt it unnecessary to explore or cite any Arab writings, for his expected audience was the Western reader, and since he really had not finished his History before his lifetime, had he lived longer, he would perhaps have accommodated the Arab works. Still, according to a contemporary economic historian, his omission “is all the more striking since he spent some time of his formative period in an Arabic country [Egypt]….and Schumpeter worked in the best-equipped library in the world [Harvard University’s Kress Library]” (quoted from a letter dated 21 October 1988, from Jurgen Backhaus of Rijksuniversiteit Limburg, The Netherlands). Also see note 13 below.

It may be useful to mention here that in order to identify Schumpeter’s reasons for disregarding the Arab scholars’ economic thought, the author communicated with several scholars who knew him well. While the present author does not intend to cast aspersions on Schumpeter’s motives, the responses of some may be cited here: Professor Mark Perlman (University of Pittsburgh), letter of 18 June 1990: “He was a strange man, and in spite of that his numerous admirers think, implemented his personal prejudices unfortunately”. Professor E. Streissler (Institut Fur Wirtschafts-Wissenschaften der Universität Wien, Austria), letter of 1 June 1990:

He was not a scholar with an open mind but rather could not see what he did not want to see…A more appropriate title of the famous 1954 book would thus be “Joseph Schumpeter, Selected Thoughts about History”, and it is a pity that its influence is so pervasive.

But Streissler is sympathetic in that, “Perhaps he really was not aware of Arab scholarship and its influence on Latin Europe”. Professor Kurt W Rothschild (University of Linz, Austria), letter of 14 June 1990:
THE “GREAT GAP” THESIS RECONSIDERED

Altogether it is not quite so surprising that Schumpeter missed the important of the Arab contributions...So the “great gap” may have slipped in just because the Arab scholars are neglected in almost all works on economic doctrines. Thus, for instance, the huge 17-volume Encyclopedia of Social Sciences [of 1968] does not refer to the work of the Arab scholars which you mention. The main trouble seems to be the extremely Euro-USA-centered outlook and traditions of the “Western” culture.

On the other hand, there are others (for example, Wolfgang Stolper, University of Michigan; Edward Mason, Harvard University; Wassily Leontieff, New York University; and Paul Samuelson, MIT) who suggest that perhaps Schumpeter simply was not aware of the early Arab-Islamic writings.

9 For more details and references, see, for example, Mannan, Islamic Economics.

10 O’Brien mentions the “simplicity of medieval social situation, where the relations of persons were all important, in comparison with the modern order, where the exchange of things is the dominant factor” (O’Brien, 10).

11 Indeed, it is transmission of this kind that was the basis of the rather controversial “Pirenne Thesis” of a few decades ago. This thesis was “concerned with the transition from antiquity to medieval civilization...transforming a static period into an era of research and reinterpretation” (Havighurst, viii). This transformation of Europe, according to the French economic historian Henri Pirenne (1862–1935), was chiefly the result of Europe’s contacts with the Arab-Islamic civilization.

12 Also known as mudharibah in Arabic, commenda is a written contract whereby one partner in a business provides financial capital, and the other operates the business; both parties share risk and profits (Labib, 91).

13 Two relevant quotations from well-known scholars will elucidate the argument. First:

For our cultural indebtedness to Islam, we Europeans have a “blind spot”. We sometimes belittle the extent and importance of Islamic influence in our heritage, and sometimes overlook it altogether. For the sake of good relations with Arabs and Muslims we must acknowledge our indebtedness to the full. To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)

And second: “It is an anachronism to project into the Western Middle Ages the contempt for the Near East that has characterized the Occident in more recent centuries” (White, 4).

14 It is worth noting that several medieval historians identify Al-Ghazali as the most significant influence upon St Thomas Aquinas, both directly and through his teacher Albertus Magnus (1206–80) and his contemporary, Raymond Martin (d. 1285). Abu Hamid Al-Ghazali’s books, including his greatest work, Ihya Ulum al-Din (The Revival of the Religious Sciences), became available in Latin even before 1150 (Myers, 39). Further, Raymond Martin, who knew Arabic, incorporated much of Al-Ghazali’s writings directly and via Bar Harbraeus’ works (a Syrian priest, known as Al-Faraj in the Islamic world, who “copied many chapters from Al-Ghazali” and “who wanted to keep secret the sources of the ideas”) into his Pugio Fidei (The Sword of Faith). The latter inspired St Thomas’ Summa contra Gentiles. Both of these treatises were written at the request of the
Dominican order and were aimed at refuting the arguments of philosophers and sophists against faith. Another source of Aquinas’ familiarity with Al-Ghazali’s works was the Jewish scholar Maimonides (Ibn Maimon), who drew some of his ideas from Al-Ghazali’s *Maqasid al Falasifah* (Aims of Philosophers) (Myers, 42–3; see also Sharif, 1360–2). Moreover, Al-Ghazali’s influence upon St Thomas Aquinas becomes rather apparent when one takes a comparative glance at the lengthy tables of contents of their most significant works (*Ihya* and *Summa Theologica*); numerous topics covered in both, including those relating to economics, are almost identical, and the same holds for the methodological approach.

15 Indeed, objectivity demands that one must also acknowledge that the Arab scholars themselves might have been influenced by the early Christian writings. Thus “although it is not possible to indicate how and by what means Augustine’s ideas were transmitted to Al-Ghazali, it is quite possible that this influence was widespread in the intellectual circles where Al-Ghazali was brought up” (Sharif, 1360). However, while evidence to this effect is lacking, there is “much evidence about the transmission of Al-Ghazali’s thought to the West” (Sharif, 1361; see also Palacios).

16 While the present paper argues that, based largely on the Schumpeterian “gap” thesis, a tradition in economic thought evolved that has neglected the Arab scholars’ contributions, it is instructive to note that some eminent contemporary scholars who otherwise dispute the Schumpeterian premise continue to engage in similar mishaps—again, perhaps quite benignly. Thus, Otto Langholm says:

> there is no longer any excuse for a practice which has confounded the study of medieval economics since its inception more than a century ago, namely that of basing the most sweeping historical generalizations on a few familiar names, with no regard for the context and continuity; even the best text books in the field skip and jump from one century to the next, in and out of different traditions.

*(Langholm 1992, 6)*

Despite his warning, Langholm’s writings keep the Schumpeterian tradition quite alive.
2

ECONOMIC THOUGHT OF AN ARAB SCHOLASTIC

Abu Hamid al-Ghazali
(AH450–505/1058–1111AD)

S.M. Ghazanfar and A. Azim Islahi

I

This paper explores the economic thought of Abu Hamid Ibn al-Ghazali, an eleventh-century Arab scholar, “acclaimed as the greatest...certainly one of the greatest” (Watt 1953, vii), and “by general consent, the most important thinker of medieval Islam” (Bagley, xv). Ghazali’s scholarship extended to many diverse fields of learning. His writings, as those of European Scholastics and others of his era, emphasized the “holistic” intellectual approach. While there have been other studies on his works (see, for example, McKane; Quasam; Watt), to the best of our knowledge, none has investigated his contributions to economics, especially on the basis of a detailed scrutiny of his original Arabic-language writings. The present paper attempts to fill that void.

There are also other, secondary concerns. About twenty-five years ago Joseph Spengler wrote an excellent article on the economic thought of another Arab scholar, Ibn Khaldun (732–808/1332–1404), and while referring to Arab-Islamic literature of the era, he concluded that “the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge” (1964, 304). That indeed is true, for it is possible to identify at least thirty Arab Scholastics prior to Ibn Khaldun who wrote extensively on economic matters, Ghazali being one of the most prominent. Another scholar writing on Ibn Khaldun called him “among the fathers of economic science”, but quite erroneously concluded that Ibn Khaldun was “an accident of history without predecessors and without successors” (Boulakia, 1118).

Another motivation, somewhat more fundamental, has to do with the “gap” in the evolution of economic thought alleged by Joseph Schumpeter in his magnum opus History of Economic Analysis:

So far as our subject is concerned we may safely leap over 500 years to the epoch of St Thomas Aquinas (1225–1274), whose
Schumpeter’s section entitled “The great gap” referred to the five centuries before the European Scholastics as “blank centuries”, implying that nothing of relevance to economics was said or written during that period. Such a claim of “discontinuity” in the evolution of human intellect generally, but in the history of economic thought particularly, is untenable. A substantial body of contemporary economics is traceable to medieval Arab Scholastics such as Ghazali and others (see Islahi; for other Arab Scholastics see Essid, Spengler; some are also listed by name in this present volume’s bibliography). For now it suffices simply to refer to another distinguished economic historian, Karl Pribram, who, in tracing the European Renaissance, stresses that the Scholastics “derived their intellectual armory from the works of Arabian philosophers” (Pribram, 21). These were Ghazali (Algazel), al-Farabi (Alfarabus, 257–339/870–950), Ibn Sina (Avicenna, 370–428/980–1037), Ibn Rushd (Averroes, 520–95/1126–98) and others, whose works became available to medieval Europe during the twelfth to the fourteenth centuries. This period has been called by one author “the real age of translations” (mainly Arabic to Latin, but also to Hebrew), when in Europe “translation was the main intellectual task” (Myers 1964, 78). Unfortunately, Schumpeter’s “gap” thesis reinforced an already stubborn tradition in all contemporary literature on economic thought (see Ghazanfar 1991).

These larger perspectives aside, we aim here to sketch Ghazali’s life and the environment in which he lived, offer a brief perspective on his socio-economic outlook, and provide detailed discussion of his ideas on several major economic themes.

II

Born in 450/1058. Ghazali was orphaned at a young age. The promise of free lodging persuaded him to attend a school, which infused in him an urge for learning. Later he travelled extensively and mastered the standard curriculum of Islamic higher education (scriptures and jurisprudence). Becoming an accomplished scholar, he joined a prominent university in Baghdad (part of the domain of the Great Seljuq Dynasty). After a brief affiliation there he spent the next ten years in Syria, Palestine, Arabia, Iraq and Egypt. In about 500/1106 he returned to his birthplace, where he lived till his death in 505/1111.

Throughout his student life he studied various subjects, prominent among them being the Islamic sciences. Among his writings, one widely recognized as the most significant, his four-volume *Ihya Ulum al-Din* (The Revival of the Religious Sciences), is the major source for discussion below and, incidentally, parallels Aquinas’ *Summa Theologica* (see, for example, Durant 1950; Sarton 1931).
Consistent with the intellectual tradition of the time, Ghazali’s scholarship was not dominated by economic aspects of life—true also of other Arab as well as European Scholastics. Instead one chiefly encounters in such texts theological-philosophical ratiocination. Treatises on a specific field would have hardly been compatible with the prevailing “integrative” approach to learning. Like other scholars of his age Ghazali mixed philosophical, religious, ethical, sociological and economic considerations into his writings. From time to time a poem, anecdote, aphorism or quotation from the scriptures (Islamic as well as others) enlightens his texts.

III

Of the socio-economic aspects of Ghazali’s thinking we can only present a bare outline, but from this we can grasp what might be called his “Islamic social welfare function” as well as his views on the role of economic activities generally. An overriding theme throughout his works is the concept of maslaha, or social welfare or utility (“common good”), a concept which encompasses all human affairs, economic and others, and which establishes close links between the individual and society. Indeed, one author has suggested that Ghazali discovered “the hard-to-pin-down concept of a social welfare function that modern economists long for” (Zarqa, 14). Ghazali identified all matters in terms of whether they were masalih (utilities) or mafasid (disutilities) in promoting social welfare. He further defined the welfare function in terms of a hierarchy of individual and social needs.

According to Ghazali, the welfare (maslaha) of a society depends upon the pursuit and preservation of five basic goals:

1 religion (deen), comprehensively defined as a way of life;
2 life or soul (nafs);
3 family or progeny (nasl);
4 property or wealth (maal); and
5 intellect or reason (aql).

He emphasizes that as per divine guidance, “the goodness of this life and the Hereafter (maslaha al deen wa al-dunya) represents the key objective” (Ihya, 2:109).

He defines the economic aspects of his social welfare function in terms of a tripartite hierarchy of individual and social utilities: necessities (daruriat); conveniences or comforts (hajaat); and refinements or luxuries (tahsinaat)—a classification reminiscent of the Aristotelian tradition, identified by one scholar as “ordinal needs” (basic needs, need for “external” goods and need for psychic goods) (Lowry 1987, 220). The key to preservation of these five basic goals lies in the provision of the first-level necessities, defined as food, clothing and shelter. However, Ghazali
recognizes that such basic needs tend to be flexible according to time and place and may include even socio-psychological needs. The second group of needs “comprises all activities and things that are not vital to the five foundations, but, rather, are needed to remove impediments and difficulties in life”. The third group “includes activities and things that go beyond the limits of conveniences; it includes matters that complement, brighten or adorn life” (Zarqa, 14).

Although salvation is the ultimate goal, Ghazali would not want that pursuit to be in disregard of one’s mundane obligations. Indeed, the pursuit of economic activities is not merely desirable, it is imperative for salvation (Ihya, 2:60). He emphasizes the “middle path” and the “correctness” of one’s intentions in all activities. When intentions are consistent with divine laws, then economic activities are tantamount to worship—part of one’s calling (Ihya, 2:83).

In addition, Ghazali considers the development of the economy as part of divinely ordained, socially obligatory duties (fard-e-kifaya): if these were not fulfilled, worldly life would collapse and humanity would perish (Ihya, 2:32). And he insists upon efficiency in such pursuits, for doing so is part of fulfilling one’s religious duties (Ihya, 2:249, 3:236; Mizan, 377). Further, he identifies as part of one’s calling three reasons why one must pursue economic activities: first, self-sufficiency; second, the well-being of one’s family; and third, assisting others in need. Anything less would be religiously “blameworthy” (Ihya, 2:63, 249).

Ghazali criticizes those who would confine themselves to the acquisition of a mere subsistence level of living:

if people stay confined to a subsistence level (sadd al ramaq) and become very feeble, deaths will increase, all work and industry will come to a halt, and society will perish. Further, religion will be destroyed, as the worldly life is the preparation for the Hereafter.

(Ihya, 2:108)

Thus if subsistence living were the norm, human productive effort would suffer, in addition to society’s spiritual loss.

Though Ghazali views people as “maximizers” and acquisitive, he sees nothing religiously condemnable about such tendencies: “Man loves to accumulate wealth and possessions of all kinds of property. If he has two valleys of gold, he would want to have a third” (Ihya, 2:280). Why? Because man has high aspirations. He always thinks that the wealth which is enough now may not last, or might get ruined and then he would need more. He tries to overcome these fears by further accumulation. But such fears do not end—even if he has all the possessions of the world.

(Ihya, 3:346)
Clearly Ghazali recognizes not only man’s desire to accumulate wealth but also his need to be prepared for the future. However, he warns that if the acquisitive spirit leads to greed and pursuit of personal whims, it is condemnable (Ihya, 3:234, 4:101; Mizan, 296). It is in this sense that he regards wealth as the “greatest test” (Ihya, 3:51, 231).

How do income and wealth come about? Ghazali recognizes three sources: earnings through individual labour; profits from trading; and acquisitions of fortunes. He cites examples of the latter as through inheritance, finding a treasure, or receiving a gift. But he insists that sources of earnings must be religiously lawful and valid.

He is critical of forced equality of income and wealth. To the extent possible, sharing of wealth must be voluntary, as part of one’s divinely ordained moral obligation toward others, rather than through the authority of the state—though conditions may warrant that approach.

Indeed, as a corollary, he suggests that if subsistence were the norm, rulers would force people to surrender what they viewed as beyond that and would become tyrants. Further, he is concerned about the administrative problems of collecting this “surplus” as well as its distribution (Ihya, 2:108). Without voluntary sharing, he argues, two “blameworthy” results will follow: extravagance by some, and miserliness by others. The former leads to “evil” deeds, the latter to the hoarding of money or keeping it idle and not spending, which is like “the imprisonment of a public authority not allowed to perform its proper functions” (Ihya, 2:341). Incidentally, he has little sympathy for those who, on faith (tawakkul) alone, choose to be poor, or those who, without making efforts, attribute their misfortunes to the “will of God” (al-Arbain, 246; Ihya, 4:265).

In a historical context it is useful briefly to point out that Ghazali’s scholarship, imbued as it was with his deep Islamic faith, assumes its greatest significance in relation to the larger philosophical-theological controversies of the time—between reason and revelation, between faith and scepticism. Extending beyond the inherited reservoir of Aristotelian logic, he challenged other Arab-Islamic scholars of his era, such as al-Farabi, Ibn Sina and Ibn Rushd, whose rationalistic interpretations of Aristotle threatened Islam itself. This challenge and his attempt at a reconciliation appeared in his treatise Tahafut al Falasifah (The Incoherence of Philosophers).

Subsequently, as the translated works of the Arabic-Islamic Aristotelian rationalists reached medieval Europe, they even threatened the “liquidation of Christian theology” (Durant, 954). Indeed, the list of 219 condemnations (“Averroestic” heresies, as they were called) published in 1277 by Etienne Tempier, the bishop of Paris, was a clear manifestation of those fears (Durant, 957–8). Thus, relying heavily on Ghazali’s works, “St Thomas Aquinas was led to write his Summas” to overcome that threat (Durant, 954). And, “since al-Ghazali placed science, philosophy, and reason in positions inferior to religion and theology, the Scholastics accepted his views, which became characteristic of most medieval philosophy” (Myers 1964, 39–40).
IV

With this general perspective on Ghazali’s socio-economic outlook in mind, we may now identify several specific economic concepts and principles similar to those found in the works of his Arab cohorts, the European Scholastics, and others. Indeed, many of Ghazali’s ideas are almost identical to those found in contemporary texts.

Much of his discussion on economic matters is found in his *Ihya Ulum al-Din*. Some of his other writings are also important sources. From these it becomes possible to pull together several logically coherent, closely interrelated economic themes, under four broad topics:

1 voluntary exchange and the evolution of markets;
2 production activities;
3 barter and the evolution of money; and
4 the role of the state and public finances.

**Voluntary exchange and the evolution of markets**

Ghazali provides a surprisingly detailed discussion of the role and significance of voluntary trading activities and the emergence of markets, based on demand and supply forces in determining prices and profits. Indeed, he seems to lay the foundation of what was later called the “spirit of capitalism”.

For Ghazali, markets evolve as part of the “natural order” of things—an expression of self-motivated desires to satisfy mutual economic needs. A full appreciation of the depth and breadth of his insights becomes evident from the following:

Perhaps farmers live where farming tools are not available. Blacksmiths and carpenters live where farming is lacking. So, the farmer needs blacksmiths and carpenters, and they in turn need farmers. Naturally, each will want to satisfy his needs by giving up in exchange a portion of what he possesses. But, it is also possible that when the carpenter wants food in exchange for tools, the farmer does not need the tools. Or, when the farmer needs tools, the carpenter does not need food. So such situations create problems. Therefore, pressures emerge leading to the creation of trading places where various tools can be kept for exchange and also warehouses where farmers’ produce can be stored. Then, customers come to obtain these goods and markets are established. Farmers bring produce to the markets and if they cannot readily sell or exchange what they possess, they sell them at a lower rate to the traders who in turn store the produce and sell to the buyers at a profit. That is true for all kinds of goods.

(*Ihya*, 3:227)
He is also explicit on regional trade:

Then, such practices extend to various cities and countries. People travel to different places to obtain tools and food and transport them. People’s economic affairs become organized into cities which may not have all the tools needed and into villages which may not have all the foodstuffs needed. People’s needs and interests necessitate transportation. Then, a class of traders who carry goods from one place to another emerges. The motive behind all these activities is the accumulation of profits, undoubtedly. These traders exhaust themselves by traveling to satisfy others’ needs and to make profits, and then these profits too are eaten by others when they themselves obtain things from others. (Ihya, 3:227)

Ghazali thus clearly suggests the “mutuality” of economic exchange, which necessitates specialization and division of labour with respect to regions and resources. Further, he recognizes that trading activities add value to goods by making them available at a useful place and time. Motivated by participants’ self-interest, exchange leads to the creation of profit-motivated middlemen, or traders. Though accumulation of wealth in this manner was not viewed as among the noblest activities in the prevailing environment, he recognizes it as essential to the proper functioning of a progressive economy. Moreover, while discussing trading activities, he also mentions the need for safe and secure trading routes, and remarks that the state should provide protection so that markets can expand and the economy can grow. He shows a sound understanding of the interactions of demand and supply, as well as the role of profits as part of the divinely ordained scheme of things. He even provides a rather well-defined ethical code for the business community.

Demand, supply, prices and profits

Though Ghazali does not discuss demand and supply in modern terms, numerous passages from his works demonstrate considerable depth in this respect. Throughout he talks in terms of “prevailing price, as determined by market practices”, a concept referred to as “just price” by some of his Arab contemporaries, later to be similarly labelled by the European Scholastics, and still later to become “equilibrium price”.

Ghazali is referring to an upward-sloping supply curve when he says that “if the farmer does not get a buyer for produce, then he sells at a very low price” (Ihya, 3:227). His awareness of market forces is evident when, concerning high food prices, he suggests that the price should be induced down by reducing demand, implying a leftward shift in the demand curve (Ihya, 3:87). He also seems to have some insight into the concept of price elasticity of demand: “a cut in profit margin by price reduction will cause
an increase in sales and thus in profits” (*Ihya*, 2:80). He likewise recognizes “price-inelastic” demand, for he says that since food is a necessity, trading in food should be minimally motivated by profits, as exploitation through excessive prices and profits could occur, and that “since profits represent an ‘extra’, they should be, in general, sought from non-necessities” (*Ihya*, 2:73).

Like other scholars of his era, Ghazali discusses prices and profits more or less together, without clear reference to costs and revenues. While expressing some disdain, though not condemnation, for profit-seeking, he recognizes the motivations for, as well as sources of, profits.

Profits are viewed as the return on risk and uncertainty, as “they [traders and businesses] bear a lot of trouble in seeking profits and take risks and endanger lives in voyages” (*Ihya*, 4:118).

As indicated above, Ghazali is critical of “excessive” profits. He suggests that if a buyer offers a “high” price, relative to the “prevailing price”, the seller should not accept, for profit will be excessive—although that would not be an injustice if there was no fraud (*Ihya*, 2:79). He suggests, however, that “normal” profits should be around 5–10 per cent of the price of a good (*Kimiya*, 358). He insists that sellers should be guided by “profits” of the “ultimate” market—i.e. the Hereafter (*Ihya*, 2:75–6, 84).

*Ethics of market behaviour*

Ghazali visualized the functioning of markets on the basis of an ethical-moral code of conduct on the part of participants. Specifically, he warns against profiteering by hoarding foodstuffs and other necessities. This would be a great injustice, especially in time of scarcity, and must be condemned (*Kimiya*, 351).

He considers false advertisement as one of the evils of the market which must be prohibited. He admonishes traders that “they should not give false information about weight, quantity, or the price. Such practices mean fraud, which is to be strictly prohibited” (*Ihya*, 2:75). While unexaggerated, informative advertisement is acceptable, he says, it is wasteful to point out the obvious qualities of a good. Emphatic on the necessity for truth and honesty in business, he condemns practices such as adulteration, deceptive grading or marketing, and control of markets by secret dealings and price manipulations (*Ihya*, 2:78).

Thus, according to Ghazali, markets are to function freely and must be free from deception. Indeed, the participants’ behaviour should reflect benevolence (*ihsan*), meaning “doing something extra for another in transactions beyond the material benefits, though that extra is not an obligation, but merely an act of generosity” (*Ihya*, 2:79). He then enumerates several guidelines concerning the exercise of benevolence in the marketplace, such as leniency in dealing with the poor, flexibility in debt transactions, even foregoing debt repayment from some poor.
ABU HAMID AL-GHAZALI

Production activities

Ghazali devotes considerable attention to describing various kinds of production activities in a society, including their hierarchy and nature. He classifies production activities in terms of their social importance, and emphasizes the need for cooperation and coordination. His primary focus is on the types of activities that are consistent with the underlying Islamic ethos.

Production of necessities a social obligation

We noted above that Ghazali considers economic pursuits as part of the individual's worship (Ihya, 2:61). Production of necessities is specifically viewed as a socially obligatory duty (Ihya, 2:83). If some are engaged in producing such goods in sufficient quantities for society’s needs, then the obligation of all is fulfilled in this respect. However, if no one is pursuing such activities or if insufficient quantities are produced, then all will be held accountable in the Hereafter. In an ultimate sense, the state must assume the responsibility of ensuring that necessities are produced in sufficient quantities. Indeed, Ghazali argues, an imbalance concerning necessities will tend to create socially destructive conditions.

Hierarchy of production

Ghazali suggests a classification of productive activities quite similar to that found in contemporary discussions: primary (agriculture), secondary (manufacturing) and tertiary (services). He identifies three broad categories (Ihya, 1:12, 13, 16; Mizan, 328–9):

1. Basic industries: those which sustain human life. There are four subgroups: agriculture for food; textiles for clothing; construction for shelter; and activities of the state (including the provision of infrastructure), particularly for facilitating the production of necessities and for promoting cooperation and coordination among those engaged in production.
2. Ancillary activities: adjuncts to basic industries, such as iron industry, mineral exploration and development, and forest resources.
3. Complementary activities relating to basic industries, such as the grinding and baking of agricultural products.

Ghazali recognizes the first group as the most important, and suggests that within this group the role of the state, as a mediating force, is rather crucial.

Given this classification, he believes that to ensure proper harmony of the socio-economic environment, all three groups must be actively promoted and pursued; indeed, their fulfillment represents a socially obligatory duty, a
“divine duty”. And “if people abandon them, human beings could not survive—and it is God’s blessing that people have skills for different occupations” (Ihya, 2:83; Mizan, 360).

Stages of production, specialization and linkages

Ghazali is also aware of the various production stages before a product’s final consumption. Further, he is conscious of the “linkages” that often exist in the production chain—a notion well recognized in present-day discussions. Thus, he says, “the farmer produces grain, the miller converts it into flour, the baker prepares bread from the flour”. As to interdependence in production, he says: “Further, the blacksmith makes tools for farmer’s cultivation, and the carpenter manufactures tools needed by the blacksmith. The same goes for all those who engage in the production of tools and implements needed for the production of foodstuff” (Ihya, 4:128).

The various production stages and linkages require division of labour as well as coordination and cooperation. Ghazali provides a clear description:

You should know that the plants and animals cannot be eaten and digested as they are. Each needs some transformation, cleaning, mixing, and cooking, before consumption. For a bread, for example, first the farmer prepares and cultivates the land, then the bullock and tools are needed to plough the land. Then the land is irrigated. It is cleared from weeds, then the crop is harvested and grains are cleaned and separated. Then there is milling into flour before baking. Just imagine—how many tasks are involved; and we here mention only some. And, imagine the number of people performing these various tasks, and the number of various kinds of tools, made from iron, wood, stone, etc. If one inquires, one will find that perhaps a single loaf of bread takes its final shape with the help of perhaps more than a thousand workers.

(Ihya, 4:118)

Ghazali elaborates his argument by using the example of a needle, analogous to Adam Smith’s pin-factory example seven centuries later: “even the small needle becomes useful only after passing through the hands of needle-makers about twenty-five times, each time going through a different process” (Ihya, 4:119). He also offers insights as to specialization and interdependence within a family (Ihya, 2:31, 3:226).

Though he emphasizes cooperation and coordination, Ghazali is conscious of the competitive environment in which economic activities take place: “When people live in a society and their desires for different things develop, there tends to be a struggle in fulfilling those desires…There is competition, but balance can be maintained by the exercise of authority and maintenance of
justice” (*Ihya*, 1:55). He uses the word “competition” in broader terms than its current usage, and suggests that competition in general is not to be condemned or prohibited. Rather, he identifies three levels of competition: obligatory, desirable and permissible. “Obligatory competition pertains to religious duties in pursuit of salvation. Desirable competition relates to the acquisition of necessities and comforts, as well as spending on others’ needs. Permissible competition relates to the acquisition of luxuries” (*Ihya*, 3:190–1). However, he insists, competition must not lead to jealousy and contempt for others.

As an aside, it is interesting to note that Ghazali anticipated Thomas Malthus by several hundred years on the subject of population and how to regulate its growth. He suggests at least two economic motives for practising birth control: the burden of a large family, and the possibility that such an excessive burden could force one into illicit means of livelihood. But though birth control (*azl*, or “coitus interruptus”, is the suggested method) may be acceptable, actions based on such motives “tend to place a person below the rank of praiseworthy and preferable people” (*Ihya*, 2:52). Clearly, Ghazali was far ahead of his times (see also Spengler 1971).

**Barter and the evolution of money**

Money is perhaps one of the most important inventions in the conduct of economic affairs. Ghazali recognized this and offered a rather sophisticated discourse as to the evolution of money and its various functions. He explains how money overcomes the problems of barter. He discusses the harmful effects of counterfeiting and currency debasement (anticipating similar observations by Nicholas Oresme during the fourteenth century and by Thomas Gresham, Richard Cantillon and others much later).

**Problems of barter and the need for money**

The following passage suggests the depth and rigour of Ghazali’s insights on the subject:

Creation of dirhams and dinars [gold and silver coins] is one of the bounties of God. All economic transactions are based on these two kinds of money. They are metals, with no benefits in themselves. However, people need them, to exchange them for different things—food, clothing, and other goods. Sometimes a person needs what he does not own and he owns what he does not need. For example, a person has saffron but needs a camel for transport and one who owns a camel does not presently need one but he wants saffron. However, there must be a measure of the two objects in exchange, for the camel-owner cannot give the whole camel for a quantity of saffron. There is no similarity between them so
that equal amount of that weight and form could be given. These goods have no direct proportionality so one cannot know how much saffron will equal a camel’s worth. Such barter transactions will be very difficult.

Various goods such as these need a medium which could rule justly and determine their value in exchange. When their place and grades are ascertained, it is possible to distinguish which ones are equal to each other and which are not. So it is said a camel is, say, equal to 100 dinars and this much quantity of saffron is worth 100 dinars. Since each is equal to a given amount of dinars, the two quantities are equal to each other. But those dirhams and dinars are not needed for themselves. They are created to change hands and to establish rules for exchange with justice and for buying goods which have usefulness. A thing (such as money) can be exactly linked to other things if it has no particular form or feature of its own—for example, a mirror has no color but can reflect all colors.

(Ihya, 4:91–3)

Ghazali is clearly pointing out here the problems of a barter system that modern jargon would label as, first, lack of a common denominator; second, indivisibility of goods; and third, the problem of double coincidence of wants. Although exchange can take place through barter, differences in the characteristics of goods (e.g. camels and saffron) make it inefficient. Indeed, the choice of various examples manifests Ghazali’s keen understanding of “barter” problems. He asserts that money evolved as a convention only: no society could exist without the exchange of goods, no exchange could effectively take place without equivalence, and such equivalence is only properly determined when there is a common measure.

It might be noted that Ghazali recognizes not only the fundamental basis of value of a good, i.e. its usefulness or utility, but also its value in exchange. Both concepts—use value and exchange value—became very significant in subsequent debates by classical economists and others.

“Useless” money and hoarding against divine rules

As indicated above, Ghazali understood the various functions of money. But he stresses that money is not desired for its own sake; it carries value only in exchange—only when parted with. Moreover, he observes that about the only purpose served by gold and silver is as money—dirhams and dinars. He condemns those who hoard pieces of money or convert them into other objects:

If someone hoards dirhams and dinars, he is a transgressor. Dirhams and dinars are…useless by themselves. They are created
to circulate from hand to hand, to govern and facilitate exchange...[as] symbols to know the value and grades of goods. Anyone who converts them into utensils of gold and silver is ungrateful to his Creator and worse than the hoarder of money, for such a person is like one who forces the ruler to perform unsuitable functions—as weaving cloth, collecting taxes, etc. Hoarding of coins may be preferable to conversion, for there are other metals and materials—copper, bronze, iron, clay—usable to make utensils. But, clay and iron cannot be used for the functions performed by dirhams and dinars.

(Ihya, 4:91–3)

Counterfeiting and currency debasement

Historically, gold and silver have been the most important metals used as commodity money. Governments started minting these coins to avoid costly weighings whenever a transaction occurred. Money could be privately produced by simply taking one’s mined gold or silver to the mint. Under a commodity standard of money, a coin’s metal content used to be equivalent in value to the coin’s value as money. On that basis, if more of a metal was discovered, the supply of money would increase, as would prices, and money would depreciate; the opposite would hold if there was a decrease in the supply of the metals. Such is the simple explanation of inflationary-deflationary cycles under a commodity standard of money.

Ghazali seems to have grasped the rudiments of this cycle theory, though his analysis is not as specific. His concern is primarily with problems that arise from counterfeiting and currency debasement—the mixing of inferior metals with gold or silver coins, or mutilation of the metallic content. He regards counterfeit money as not only an individual sin but, most importantly, potentially harmful to the society generally:

It is a great injustice to place counterfeited money in circulation. All those handling it are harmed...circulation of one counterfeit dirham is worse than stealing a thousand dirhams, for the act of stealing is one sin, ending once committed: but counterfeit money is something that affects many who use it in transactions for a long time.

(Ihya, 2:73)

As to currency debasement, Ghazali says:

By zaif [alloy, mixed metal] we mean that unit of money which contains no silver at all; it is only polished; or dinars with no gold in them. If a coin contains some silver but it is mixed with copper and that is the authorized coin in the country, this is acceptable
whether silver content is known or not. But, if it is not autho-
rized, then it will be acceptable only if silver content is known.

(Ihya, 2:74)

He seems to suggest that if debasement is fraudulent it is to be condemned,
whereas if the mixture of metals in coins is state-authorized and known to all
users it is acceptable. Thus he allows for the possibility of “representative”
or “token” money, as we know it in present terms—a notion that led to the
so-called feudal theory of money, according to which the right of the public
exchequer to alter the metallic content of the currency was implied in the
monopoly of the feudal rulers.

Prohibition of usury

For Ghazali, as for many other Jewish, Christian and Islamic scholars,
prohibition of usury (often viewed as equivalent to interest) is absolute, as
per the scriptures. Other arguments against usury (aside from “sinfulness”) are
the possibilities of economic exploitation and of injustice in transactions. But
Ghazali discusses transactions other than borrowing and lending where
interest may arise in disguised form; some of these may be consistent with the
scriptures, others may not be. It might be noted that similar arguments as to
what is or is not “scripturally” acceptable were developed later by Aquinas
(Pribram, 15; Dempsey, 139).

Ghazali, as well as other Arab and European Scholastics, generally
assumed that the value of a good was independent of the lapse of time.
On this assumption, he argued, there are two ways in which interest can
arise in disguised form: it can happen when there is exchange of gold for
gold, wheat for wheat, etc., but with differences in quantity or in the time
of delivery. If the time of delivery is not immediate and excess quantity
of the commodity is called for, the excess is called *riba al nasiah* (interest
due to late payment or delivery). If the quantity exchanged is not equal
but the exchange takes place simultaneously, the excess given in exchange
is called *riba al fadl* (interest due to extra payment). Both are forbidden,
according to Ghazali. That is, for either kind of interest not to occur,
exchange should be with equal quantity and ownership transfer should
be simultaneous; otherwise, “disguised” interest could occur. However, if
the exchange involves the same *types* of commodities, such as metals
(gold or silver) or foodstuffs (wheat or barley), only *riba al nasiah* is
prohibited, whereas *riba al fadl* is permissible. If exchange is between
different types of commodities (metals and foodstuffs), then both kinds
are permissible.

Further, Ghazali argues that charging interest on the borrowing and lending
of money deflects money from its key function (which, as the European
Scholastics also argued, consisted in measuring the usefulness of objects of
exchange). Hence an illicit modification of a standard of value would occur
when a larger sum of money is received than had been given. The following passage elucidates Ghazali’s position:

When someone is trading in dirhams and dinars themselves, he is making them as his goal, which is contrary to their functions. Money is not created to earn money, and doing so is a transgression. The two kinds of money are means to acquire other things; they are not meant for themselves. In relation to other goods, dirhams and dinars are like prepositions in a sentence—used to give proper meaning to words; or like a mirror reflecting colors but having no color of its own. If a person is permitted to sell (or exchange), money with money (for gain), then such transactions will become his goal, and thus money will be imprisoned and hoarded. Imprisonment of the ruler or postman is a transgression, for then they are prevented from performing their functions; same with money.

*(Ihya, 4:192)*

**Role of the state and public finances**

Although Ghazali avoided politics, he offers detailed commentary and advice on the conduct of affairs of the state. Indeed, he has little hesitation in chastising rulers. He considers the state to be a necessary institution, not only for the proper functioning of society’s economic affairs but also for the fulfillment of divinely ordained social obligations: “The state and religion are inseparable pillars of an orderly society. Religion is the foundation, and the ruler, representing the state, is its promulgator and protector, if either pillar is weak, society will crumble” (*Ihya, 1:17; Mizan, 297; Counsel, 59*). He adds that “man’s inability to fulfill all his needs alone persuades him to live in a civilized society with cooperation; but tendencies like jealousy, competition, and selfishness can create conflicts. Therefore, some collective arrangement becomes necessary to check those tendencies.”

As noted earlier, Ghazali also emphasizes the key role of the state among the four industries in his “basic” category, one that is “essential to keep people living together harmoniously and in cooperation with each other in earning their livelihood…it must strive for the good of the society through cooperation and reconciliation” (*Ihya, 2:13*).

**Economic progress through justice, peace, stability**

Though Ghazali does not discuss the various economic functions of the state in modern terms, he clearly identifies the types of functions along lines that are usually attributed to classical economists such as Adam Smith.

Ghazali emphasizes that in order to promote economic prosperity, the state must establish justice, peace and security, and stability. Stressing the need for justice, and “just and equitable rule”, he says:
Where injustice and oppression are present, the people have no foothold; the cities and localities go to ruin, the inhabitants flee and move to other territories, the cultivated lands are abandoned, the kingdom falls into decay, the public revenues diminish, the treasury becomes empty, and happiness and prosperity fade among the people. The subjects do not love the unjust ruler, but always pray that evil may befall him.

(Counsel, 56)

He stresses that the state must adopt all necessary measures to establish conditions of internal and external security:

The army is needed to defend and protect people from robbers. There should be a judiciary for settlement of disputes; laws and rules are needed to check people’s conduct and for social stability...These are necessary government functions which can be undertaken by specialists only; and when they engage in these activities, they cannot be spared for other industries and they need support for their livelihood. On the other hand, people need them because if all engaged in defense, then other industries would suffer and if military men engaged in industries for their livelihood, the country would lack defenders and people would be victimized.

(Ihya, 3:225, 228)

Thus Ghazali holds the state responsible for establishing the proper conditions to promote economic prosperity and development.

He also wrote at length on the institution of hisbah, an overseeing body employed in many Islamic countries at the time, whose main function was to check harmful practices of the markets (Ihya, 2:312–15) (a modern analogy would be the ombudsman). Ghazali strongly endorses this institution and discusses the types of practices to be checked—“false statements about profits, false advertisement, incorrect weights and measures, usurious dealings, invalid contracts, transactions in prohibited items, and all other arrangements involving fraud, etc.” (Ihya, 2:338).

Because of the special role for the state and the ruler that he visualized, Ghazali compiled a separate volume on that subject, called Kitab Nasihat al Muluk, or the Book of Counsel for Kings. In it he recommends for the ruler ten “principles of justice and equitable treatment for the subjects” (Counsel, 13–31). Each is not only discussed from the Islamic perspective but also supported by illustrations from the Torah and the Bible as well as from the history of the Romans, the Greeks, and even the Chinese. Among other things, he warns the ruler against abuse of authority, pride, surrender to flattery, and deceitful religious scholars; and he advises the ruler to be always guided by placing himself in the position of his subjects.
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Despite his counsel to rulers, Ghazali observed much to criticize in them, and he often did so in scathing terms. He condemns bribery and corruption in the public sector, especially in “the administration of justice” (Counsel, 93). In the same vein, he warns rulers against indulgence in mundane passions—something not only offensive to Islamic piety but also detrimental to the conduct of the state.

Public finances

Ghazali provides a detailed discussion of the role and functions of public finances. His discussion, unlike most other scholars’ historically, is fairly symmetrical: he focuses on both sides of the budget, revenues as well as expenditures.

REVENUE SOURCES

On the basis of rules of Islamic jurisprudence, Ghazali begins by noting that revenue should be collected from all citizens, Muslims and non-Muslims. There are differences in types of revenues to be solicited from each group. In regard to the Muslim community, Ghazali identifies several revenue sources, but he is critical of the unlawful sources in use. He says that “almost all revenues collected by princes are unlawful” and that taxpayers should “refuse payments and avoid contact with them [princes]”. Further, he felt that the system of taxation “was in fact based upon long-established customs, not upon divine laws” (Counsel, xliii). Indeed, he seems to encourage tax revolts!

One of the lawful sources of revenue he mentions pertains to property without heirs, whose owners could not be traced, plus charitable endowments or trusts (awqaf) with no caretakers. As for the Islamically mandatory charity, zakah, and voluntary charity, sadaqaah, he points out that they were not to be found during his time:

The public finances in our time, fully or partially, are based on unlawful sources. Why? Because the valid sources such as zakah, sadaqaah, fai, and ghanimah, are nonexistent. Jaziyah is practiced but it is collected with many illegal methods. Besides, there are different kinds of levies on Muslims-there are confiscations, bribers, and many injustices.

(Ihya, 2:239)

The taxes to be collected from non-Muslims are ghanimah, fai, jaziyah and tributes, or amwal al masalih. Whereas ghanimah, or “spoils of war”, is a tax on property confiscated after or during a war, fai refers to possessions acquired without warfare. Jaziyah (or poll tax) is collected from non-Muslims
in return for two benefits: exemption from defence duties and protection of rights as citizens. Beyond the religiously prescribed revenue sources, and depending upon society’s needs, the state may impose “extrareligious” taxes on all citizens. This may also be done if the society is threatened by incongruous elements from within or without.

Ghazali suggests considerable welfare-based flexibility in the use of revenues. He proposes that if greater social good can be served by public spending, the ruler may levy new taxes. He explains that “what people will pay in taxes will mean less of a loss than the possible risk to their lives and property if the state cannot ensure its proper functioning” (Al-Mastarfa, 303–4). Here is an obvious antecedent of what is now referred to as cost-benefit analysis: taxes may be levied to avoid greater loss later.

While discussing taxation, Ghazali also provides insights on other related matters, such as tax administration and apportioning burden among taxpayers. In particular he admonishes that

no ruler should ever tolerate extortion from the subjects by any revenue official…the ruler must look after the society as he would his own house, so society may prosper and grow. What he takes in taxes must be in moderation, and what he gives must be in moderation; for each has its limits and its measure.  

(Counsel, 80–1)

He also seems aware of both the benefits-received and the ability-to-pay principles of taxation, as the terms are used in current literature. He suggests the quid pro quo basis of some taxes when he discusses the benefits-related levy of jaziyah (poll tax). However, as a general principle of equity, he advocates the ability-to-pay concept; indeed, on the basis of this concept he implies a highly progressive tax system. He even suggests that taxpayers should know the uses of their resources:

when they [the rulers] demand revenue from the subjects, they must demand only at the proper seasons and times. Subjects must know the usages and burdens must be fixed in accordance with their capacity and ability [to pay]. They [the rulers] must be crane-slayers, not sparrow-slayers, at the hunt. That is, they must take little or nothing from the poor.  

(Counsel, 112)

PUBLIC BORROWING

Ghazali is among the few scholars of his era who discuss public borrowing as another source of revenue. He states:
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One cannot deny permission to the ruler to borrow from the people when the needs of the state so warrant. However, the question is: if the ruler does not anticipate revenues in the public treasury which would exceed what is needed for the armies and other public officials, then on what basis can the funds be borrowed?

(Shifa, 241)

Thus it appears that given the conditions of the economy, Ghazali would permit public borrowing if it is possible to ensure repayment from future revenues. In present-day usage, such borrowing is exemplified by “revenue bonds”, extensively used by state and local governments in the United States.

PUBLIC EXPENDITURES

As with sources of revenue prevalent at the time, Ghazali is also critical of the manner and areas of public expenditure:

At this time the rulers do not reward the deserving people, but those who they think could be useful in safeguarding their own interest who make their courts decorated and who could be used to praise them and give them compliments in their presence as well as absence.

(Ihya, 2:177)

The functional delineation of public expenditures that Ghazali recommends is rather broad and flexible: establishment of socio-economic justice, security and stability of the state, and development of a prosperous society -almost in the order mentioned (Counsel, 56, 76, 81).

In addition to what has already been noted about ensuring such conditions, it might be said that though Ghazali prefers voluntary sharing as a means of promoting socio-economic justice, he would allow state intervention as an option, if necessary, to eliminate poverty and widespread distress:

When the sultan’s subjects fall into penury or suffer distress, it is his duty to assist, especially in times of drought or when they are incapable of earning livelihood [on account of higher prices]. The king must [then] provide the subjects with food and extend assistance and ensure that his officials do not oppress people—for, if that happens, people would become impoverished and leave the territory. Then revenue flow would be shattered; profits would accrue to hoarders, and the Sultan would [earn] curses and a bad name. It was for this reason that the rulers in the past practiced utmost frugality in such situations, and thus aided the deserving subjects.

(Counsel, 101–2)
Clearly, Ghazali is linking people’s impoverishment, aggravated by deficient public services, to their migration, leading to a general economic decline, reduced tax base and further deterioration, and the potential emergence of profiteers who exploit the poor.

As for general development of the society, Ghazali points out the need for building socio-economic infrastructure. He says that public resources “should be spent on the construction of bridges, religious structures [mosques], shelters, roads, and other similar activities whose benefits are shared by people generally” (Ihya, 2:130). He seems aware of the “joint consumption” and “spillover” aspects of public goods. Elsewhere he suggests that public spending may be incurred for functions such as education, general law and order (public administration), defence, and health care (Ihya, 2:140).

Ghazali insists on honesty and efficiency in the affairs of the public sector. He views the public treasury as a trust in the hands of the ruler, who must not be extravagant. As for a secure and stable social environment, he declares:

Whenever sultans [rulers] rule oppressively, insecurity appears; and however much prosperity there may be, this will not suit the subjects if accompanied by insecurity. However little prosperity there may be, this will not displease them if accompanied by security; on the contrary, it will suit them...Now the security of the society depends upon the discipline maintained by the Sultan.

(Counsel, 76)

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Writing several centuries before the well-known European classical economists, Ghazali was the product of an era when man, not matter, was the measure of all things and economic concerns were relatively secondary -the ultimate test of all human activities being one’s salvation. Such were the underlying assumptions of Arab Scholastics generally, and, indeed, of their European counterparts. Thus Ghazali is very much in company with such European Scholastics as Aquinas (622–73/1225–75) and Albertus Magnus (d. 678/1280), whose writings, as influenced by the Arab scholars, also extended to all facets of the human condition.

Ghazali defines a divinely ordained social welfare function, based upon rather specific social objectives, as well as guidelines for “prioritizing” individual and social needs (necessities, comforts and luxuries), interpreted broadly to include material and nonmaterial aspects of life.

More specifically, his scholarship reveals a deep understanding of the voluntary, market-oriented exchange that “naturally” evolves among freely acting individuals, motivated by self-interest and mutual necessity. Such an environment is guided by a divinely inspired code of ethics and moral values.
Further, while warning against worldly evils, Ghazali clearly acknowledges—indeed, mandates—the need for economic pursuits, both private and public. In fact he accords such activities an aura of piety and nobility by his constant reminders as to their religious validity—a “calling”.

In discussing production behaviour, Ghazali posits a tripartite hierarchy of industries—also part of man’s socially obligatory duties in addition to individual, materialistic motivations. This scheme complements his social-welfare function. He also recognizes stages and linkages in production. He discusses the efficiency results of specialization and division of labour, but he is also aware of the social problems that can arise from excessive specialization. Thus he emphasizes a major role for the spirit of cooperation in production.

The evolution of a monetary economy from a simple barter setting has been a subject of enduring interest among economists. It is fair to state that almost no other scholar up to his time had provided as sophisticated an exposition of this topic as did Ghazali. Certainly, in terms of its broad content and analysis it is remarkably similar to what one finds in any present-day textbook. He provides a lucid exposition of how the problems of barter are mitigated by money. Like European Scholastics and other Arab scholars, he condemns usury and money hoarding, for both cause money to deviate from its key function. He also discusses the problems of counterfeiting and debasement of money; he condemns both. Indeed, he develops an early version of what later became known as Gresham’s Law.

Ghazali wrote a special treatise on the role of the state and functions of the ruler. In this volume and elsewhere he discusses public finances, including taxes, borrowing and public expenditures. Though many of his contemporaries wrote on this subject, his discourse is especially elaborate. He distinguishes between religious and “extrareligious” revenues, and he is critical of the prevalent “antireligious” levies. Further, he allows for additional taxes, as dictated by the spirit of maslaha, or social welfare. He advocates the well known “ability-to-pay” principle of tax justice and is also aware of the “benefits-received” concept. He is also concerned with tax administration issues, and criticizes the malpractices of rulers and tax collectors.

With respect to public expenditures, Ghazali identifies various functional needs, not simply in terms of maslaha, but from the standpoint of promoting society’s economic development and prosperity (as when he recognizes the need for socio-economic infrastructure). And he is aware of the need for efficiency in the use of public funds, as they are a “public trust”. And given his hierarchy of society’s needs, we could say that Ghazali suggests methods of “prioritizing” the use of public funds.

In conclusion, it is fair to say that perhaps more than any other Arab Scholastic of the era, Ghazali achieved a clear understanding of the operation of a voluntary-exchange economic system, albeit within the larger theological framework which viewed all human behaviour in teleological terms. He left behind a rich legacy of economic thought upon which, through transference
and translations, much more could be built by his successors. His influence on European intellectual developments is widely acknowledged:

Europe as well as the Muslim East felt the impact of Al-Ghazali’s teaching. Echoes of his voice are heard in the reflections of Blaise Pascal, and his work was paralleled by Thomas Aquinas in the discourse on Christian doctrine and in other portions of the *Summa Theologica*.

*(Collier’s Encyclopedia 1979, 312–13)*

Such “paralleling” (the field of economics included) becomes obvious from a rather cursory comparison of Aquinas’ works with those of Ghazali. To the discomfiture of Schumpeter’s “Great Gap” notion, substantial evidence points to Ghazali’s great impact on European Scholastics, especially Aquinas. His “teaching is quoted by St. Thomas and other Scholastic writers” (O’Leary, 208), and it is generally known that Aquinas “was deeply influenced by Muslim philosophers, chiefly al-Ghazali” (Sarton 1931, 914; see also Copelston, 181; Myers 1964, 42; Rescher, 156; Sheikh, 109). It has been suggested that Aquinas’ *Summa Theologica*, the chief source of “Thomistic economics”, was “an attempt to harmonize Christianity with Aristotelian philosophy” (Newman *et al.*, 16). It seems fair to assert that such “harmonization” was significantly facilitated by the Arab-Islamic version of that philosophy, as developed by Ghazali particularly.

Clearly Ghazali must be acknowledged as a distinguished pioneer of modern economic thought, with several predecessors as well as successors, deserving (if not more) at least as much disciplinary recognition as Aquinas, the best known of medieval Europe’s Scholastics.

Notes

1. This paper first appeared in *History of Political Economy*, vol. 22, no. 2, 1990; pp. 381–403. The authors gratefully acknowledge useful suggestions from S. Todd Lowry of Washington and Lee University, and from anonymous referees. Any shortcomings remain our responsibility.

2. The term “Scholastic” refers to the philosophical approach followed by Europe’s medieval clerics, concerned with the “possibility of reconciling reason with faith” (Durant, 965). Among the best known is St Thomas Aquinas (AH622–7 3/1225–74AD). Numerous Arab-Islamic scholars of the time fit that description. Further, although Ghazali was born in Persia (part of the Seljuq Dynasty, AH424–583/1038–1194AD) he (along with Ibn Sina, Ibn Rushd and others) is invariably identified as an Arab (or Islamic) theologian-scholar.
3

ECONOMIC THOUGHT AND RELIGIOUS THOUGHT

A comment on Ghazanfar and Islahi

Paul Oslington

The recent article by S.M. Ghazanfar and A. Azim Islahi (1990) on the economic thought of Abu Hamid al-Ghazali is an important attempt to relate the writings of an Islamic thinker to modern economics. It follows several earlier articles (Spengler 1964; Boulakia 1971; Haddad 1977) that have appeared in major Western economics journals on the economics of Islamic thinkers.

The task of relating these Islamic thinkers to modern Western economics is an important one, partly because historians of economic thought seek better interpretations of these early Islamic texts, partly so that the lines of influence can be better traced between these writers and Western writers like St Thomas Aquinas, but also because recent events in the Middle East and elsewhere have brought the issue of the relationship between Islam and the modern West into sharper focus.

I will argue that Ghazanfar and Islahi’s treatment of al-Ghazali is misleading and, more generally, that their interpretative approach rules out any meaningful encounter between modern Western economics and Islamic thinkers like al-Ghazali. Ghazanfar and Islahi look at al-Ghazali’s writings through a modern Western lens that blocks out the eleventh-century, non-European nature of the texts, and especially their religious nature. In particular, Ghazanfar and Islahi treat al-Ghazali almost as if he were a late twentieth-century professor of economics at an American university, and as if his perspective on religion were a post-Enlightenment secular one. This perspective assumes that individuals are free to choose whatever religion they prefer and that this religion is a private matter, wholly separate from and irrelevant to public matters, especially scientific matters. The problem is that al-Ghazali was not such a person and did not hold this view of the relationship between religious thought and economic thought. For al-Ghazali there was no division of life into compartments—for him, Islam was inseparable from economic questions.

Ghazanfar and Islahi’s introduction, quoting some of the secondary literature, characterizes al-Ghazali as a Scholastic philosopher/theologian.
PAUL OSLINGTON

Some comments are also repeated about his holistic intellectual approach (381). Unfortunately, these introductory remarks are ignored in much of what follows. In the main discussion of al-Ghazali’s economics there is no further mention of these elements of his thought and no attempt to trace their influence on the interpretations offered. The article discusses al-Ghazali’s economics under four headings: voluntary exchange and the evolution of markets; production; barter and the evolution of money; and the role of the state and public finances. Under the first heading (see 383–4), the authors discuss al-Ghazali’s so-called social welfare function, an extremely misleading characterization of the concept of the common good within Islamic jurisprudence. The authors interpret al-Ghazali’s exhortation to, or prohibition of, certain practices as statements about the utility and disutility of the ends associated with those practices. As well as being a utilitarian, judging by the authors’ comments, al-Ghazali seems to have been familiar with Maslow’s hierarchy of individual and social needs. A problem with these alleged similarities is that when quotations from al-Ghazali’s works are given, they do not actually support the assertions, even when the authors use their own translations. For instance, the assertion that “al-Ghazali views people as maximizers” (384) is supported by a quotation: “Man loves to accumulate wealth and possessions of all kinds of property. If he has two valleys of gold, he would want to have a third” (384). This has nothing to do with maximization and, if anything, is more consistent with a non-instrumental view of reason. Aside from the problem of their quotations not supporting the assertions, the quotations selected are worrisome, especially when there is no adequate discussion of the overall purpose and structure of the works from which the quotations are taken. The discussion of al-Ghazali’s economics under the other three headings includes descriptions of his laying of the foundation of the “spirit of capitalism” (386), the “division of labor” (387), his “sound understanding of the interactions of demand and supply” (387), the “upward-sloping supply curve” (supported by the quotation “if the farmer does not get a buyer for his produce then he sells at a very low price” (387)), “price elasticity of demand” (388), and so on. These assertions are subject to the same problems, and the authors’ comment that “many of al-Ghazali’s ideas are almost identical to those found in conventional texts” (386) is scarcely credible.

Focusing on Ghazanfar and Islahi’s treatment of the religious nature of the texts, the occasional mention of al-Ghazali’s Islamic faith (in the main part of the paper) makes their secular interpretative position particularly clear. Ghazanfar and Islahi keep faith separate from and subordinate to the scientific economics that al-Ghazali is propounding. The authors’ interpretative position is typified by their statement: “Like other scholars of his age Ghazali mixed philosophical, religious, ethical, sociological, and economic considerations into his writings. From time to time a poem, anecdote, aphorism, or quotation from the Scriptures enlightens his texts” (383). For
Ghazanfar and Islahi’s al-Ghazali, the scriptures are no more than decorative. This view of al-Ghazali is not plausible given a careful reading of the texts, including the *Ihya Ulam al-Din* (usually translated as *Revival of the Religious Sciences*) and the *Kitab Tahafut al Falasifah* (translated as *Incoherence of the Philosophers*), which are the sources of many of Ghazanfar and Islahi’s quotations. The overall argument of these works is that to build a structure of thought that goes beyond the Qur’an and *hadith* is to be lost in undirected human will and speculation (see, for instance, Hourani 1991). It is misleading to characterize al-Ghazali as a modern thinker when the main project of post-Enlightenment Western philosophy has been to build and to justify systems of thought that are independent of religious thought. The inaccuracy of Ghazanfar and Islahi’s characterization of al-Ghazali should be evident just from the titles of the two major works mentioned above, and even more so when the proper sense of *Din* as religious practice is considered. If al-Ghazali actually held the modern secular view that religion is an optional and inconsequential extra, which the authors seem to assume he held, he would probably have gone to the gallows along with his near contemporary al-Hallaj, and we would not have any texts to discuss today.

Overall, ignoring the decorative remarks in the introduction, the al-Ghazali with whom the reader is presented is a philosopher/theologian with a largely modern perspective but whose particular theoretical formulations were not quite the same as those of modern economics. In their words, “clearly Ghazali must be acknowledged as a distinguished pioneer of modern economic thought” (402).

The main point here is not just that Ghazanfar and Islahi have misinterpreted al-Ghazali, but that their interpretative lens prevents them from coming to terms with the nature of al-Ghazali’s writings. A different approach is needed to understand al-Ghazali’s economics—if indeed he conceived of economics in a meaningful way given the modern conception of economics. Before considering what this different approach might be, it is worth mentioning another group of Islamic thinkers from the twentieth century—the Egyptian Sayyid Qutb, the Pakistanis Abu-laala Maududi and Khurshid Ahmad, and the Iranian Ali Shariati, who have received little attention so far from Western economists. These writers are associated with the Islamic revival movement that has struggled with Islamic modernism throughout this century. While they have received some attention from historians and students of religion, the economic aspects of their writings have not had such attention, despite their work representing one of the strongest living economic traditions outside the West. It has perhaps made so little impact on Western economic journals because the interpretative approach exemplified in the Ghazanfar and Islahi article does not deal with a nonsecular approach to economics. The interpretative approach is even more problematic in relation to this group of thinkers than in relation to al-Ghazali, because nonsecularism is impossible to ignore in aggressively anti-secular writers like Ali Shariati.
What shape might an alternative interpretative approach take? One possibility is the extreme relativist approach which, overwhelmed by the differences between the Islamic and the modern Western versions of economics, abandons the attempt to relate the two. I believe that this view, which rules out any possibility of understanding on either side, is too pessimistic.

A variant is the view that communication of the Islamic view is a task for insiders only—the Islamic writers themselves. Unfortunately, an insider’s perspective is not necessarily more accurate than an outsider’s. For instance, there are many works on Islamic thinkers of the past cited in the last section of Siddiqi’s (1981) survey of Muslim economic thinking, but very often Muslim economists, blinded by the power of Western economics, reduce the Islamic element of their studies of the thinkers of the past merely to showing that Muslims anticipated modern secular economists on point after point. The distortions involved in these commentaries are often far greater than Ghazanfar and Islahi’s of al-Ghazali.

The most fruitful alternative approach in my view would be for economists, whether they be Muslim or non-Muslim, to use a broader interpretative framework when analysing Islamic religious texts. In terms of the earlier analogy, this would mean keeping a few sets of lenses handy in addition to the modern secular set. This broader framework would see the modern secular position as one among many and would be open to negative evaluations. Examples of this approach are rare: Jacob Viner’s works on Christian theology and economics (see Viner 1972; 1978); perhaps Spengler’s (1964) article on the early Islamic writer Ibn Khaldun; works like Mannan (1964) and Naqvi (1982), which begin the task of relating Islamic economics to modern Western economics from the Islamic side; and E.F. Schumacher’s (1974) essay on Buddhist economics. Joseph Schumpeter had the breadth of vision necessary for the task but in the opening sections of his great work (1954), he carefully and surely consciously limits the scope of his inquiry to exclude the nonsecular.

This broader interpretative approach, if taken further and applied to Islamic writers like al-Ghazali and those associated with the recent revival movements within Islam, might tell us more about another way of doing economics and yield some interesting insights into the nature of modern secular economics itself.

Note

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A REJOINDER TO “ECONOMIC THOUGHT AND RELIGIOUS THOUGHT”

S.M. Ghazanfar and A. Azim Islahi

Paul Oslington’s (1995) comment on our article (Ghazanfar and Islahi 1990) warrants a brief rejoinder.

While Oslington says that we are looking at al-Ghazali’s writings through “a modern Western lens”, we sincerely feel his reading of our paper is a bit clouded. However, we dare say that any discussion of the history of ideas is intrinsically interpretative, and there need not be universal agreement; indeed, the past is linked to the present through interpretations. The medieval Scholastics, whether Jewish, Christian, or Islamic, invariably discussed economic issues as part of the religio-ethical system of jurisprudence and not as formal analysis evidenced in more recent times. But, as Schumpeter said of the Latin Scholastics, and this holds true of their Arab-Islamic counterparts, “they produced principles that were not only normative but also explanatory. They created a juristic logic that was applicable to a wide variety of social patterns. So far as their facts were economic, their analysis was economic analysis” (1954, 69). We simply suggest, however, that if the heritage of modern Western economics is linked with the Greeks and the Latin Scholastics, then that heritage is also inextricably linked with the Arab-Islamic Scholastics of the intervening centuries (see Ghazanfar 1991). Oslington goes on to say that in interpreting al-Ghazali we block “out the eleventh-century non-European nature of the texts, and especially their religious nature” and that we present al-Ghazali as a “post-Enlightenment” secularist. He says that after identifying “al-Ghazali as a scholastic philosopher/theologian” and after referring to the “holistic intellectual approach”, then “in the main discussion of al-Ghazali’s economics there is no further mention of these elements of his thought”.

We disagree. First, al-Ghazali’s texts, as well as those of other medieval Arab Scholastics, were about as “European” as any scholarship at the time; almost all of these intellectual developments and their interchange were taking place for several centuries in and around the Mediterranean, and the “European/non-European and Western/non-Western” distinctions were hardly relevant at the time. Second, instead of “blocking out” the religious nature of the texts, we remind our readers—almost excessively—that al-Ghazali’s scholarship, as that of others of that era, “imbued as it was with his deep
Islamic faith, assumes its greatest significance in relation to the larger philosophical-theological controversies of the time—between reason and revelation, between faith and skepticism” (1990, 385). It also needs to be pointed out (as we do on 383) that from an Islamic perspective, the word Deen, contrary to Oslington’s interpretation, has a much more comprehensive meaning than mere “religious practice”. That perspective favours, as al-Ghazali emphasizes, sacred pursuits, along with the secular, including economic activities (though constrained by the scriptures, as even with the moralist Adam Smith’s reference to “Providence” when talking of his self-interest and invisible-hand notions). In that sense al-Ghazali is secular, though not quite the “post-Enlightenment” secularist. Nor do we characterize him as a “modern” thinker in present-day terms—one who proposes a social system “independent of religious thought”. In fact, we quote him, in that “the state and religion are inseparable pillars of an orderly society...if either pillar is weak, society will crumble” (395; Ihya, 1:17). Further, “the greatest of these Christian writers who was influenced by Ghazali was St Thomas Aquinas who made a study of Arabic writers and admitted his indebtedness to them” (Smith 1944, 220). Similarly, al-Ghazali “influenced deeply the greatest of medieval Jewish philosophers, Maimonides” (Artz 1953, 147).

Oslington is also critical of several economic concepts we identify with al-Ghazali. In referring to our remarks on the “social welfare function”, he fails to see that we are talking of al-Ghazali’s Islamic social welfare function, “divinely ordained...based upon rather specific social objectives, as well as guidelines for ‘prioritizing’ individual and social needs (necessities, comforts, and luxuries), interpreted broadly to include material and nonmaterial aspects of life” (1990, 400). Parenthetically, we should note another error: Oslington states that the main sources of our quotations are al-Ghazali’s Ihya Ulum al-Din and Kitab Tahafut al Falasifah. That is not so; all our quotations are from Ihya, the more relevant for our topic. Mainly, however, whether Islamic or not, such theologically ethical social-welfare perspectives are consistent with all scholastic writings. For example, Stephen Worland argues that despite terminological differences, there is a close correspondence between ethical values presupposed in welfare economics and the conception of economic activity implied in scholastic philosophy...Welfare economics can be considered a corollary of scholastic natural law...A deliberately metaphysical interpretation of welfare economics may have some plausibility, a validity greater than may be realized by the present generation of economists—accustomed to think of their discipline as a strictly scientific organon.

(Worland 1967, vi)

Further, Oslington misconstrues our reference to masalih (utilities) and mafasid (disutilities): but he is correct in that these terms mean what is exhorted or
prohibited. Social welfare, in Islamic terms, requires, according to al-Ghazali, the promotion of the “good and desirable” and prohibition of the “bad and undesirable”. Our reference to “utilities” and “disutilities”, as well as such terms as “maximizers” and “acquisitive”, are intended in their broad, non-technical, generic meanings; clearly, substance is more important than semantics. We would like to think that such meanings should be obvious to the readers, given the medieval, religio-ethical, social context reflected in the paper. And, as we talk of “maximizing acquisitive” behaviour, we also point out al-Ghazali’s religion-based admonition, in that “if the acquisitive spirit leads to greed and pursuit of personal whims, it is condemnable” (1990, 385; *Ihya*, 3:234, 4:101).

Further, we are admonished for keeping al-Ghazali’s Islamic faith “separate and subordinate to the scientific economics that al-Ghazali is propounding”. Hardly so, as should be clear from our previous comments. Nor do we imply anywhere that “the scriptures are no more than decorative” for al-Ghazali, as is evident from our frequent use of nonsecular words and phrases cited above; we even emphasize that al-Ghazali relied on “supportive illustrations from the Torah, the Bible, as well as from the history of the Romans, the Greeks, and even the Chinese” (1990, 396). And, of course, the Greek influence, especially that of Aristotle, is acknowledged frequently by al-Ghazali. Not only is Oslington concerned about the “selectivity” of our quotations, but also about our inadequate “discussion of the overall purpose of the works the quotations are taken from”. While extensive discussion of al-Ghazali’s works was beyond our scope, we do point out that the “overriding theme throughout his works is the concept of *masalaha* or social welfare or utility (‘common good’)—a concept that encompasses all human affairs, economic and others, which establishes closer links between the individual and society” (383). And we point out that al-Ghazali sees salvation as the purpose of all human endeavour: “the goodness of this life and the Hereafter (*masalaha al deen wa al duniya*) represent the key objective” (383; *Ihya*, 2:109).

Elsewhere, Oslington tells us that “if al-Ghazali actually held the modern secular view that religion is an optional and inconsequential extra, which the authors seem to assume he held, he would probably have gone to the gallows…and we would not have any texts to discuss today”. Again, he misreads our paper’s objective; we do not see how he could attribute such observations to al-Ghazali or to us. As for going to the gallows for his “modern secular views”, al-Ghazali almost did! Umaruddin, a contemporary scholar, writes:

> Before Al-Ghazali and even in his own days, the different sects of Islam often came to loggerheads among themselves and bitter fights were fought...And Al-Ghazali himself was persecuted by such theologians, and even his books were burnt in Spain because they preached freedom of thought.

(1988, 18)
And we do not anywhere suggest, even by implication, that al-Ghazali was a “late twentieth-century professor of economics at an American university” or that “his perspective on religion was a post-Enlightenment secular one”. Far from it. All we are saying is that many of his ideas are similar to those we find in contemporary texts—for example, voluntary exchange, price determination through market forces, profit motive, motivation to freely trade and exchange, regional trade, stages of production, hierarchy of individual and social needs, specialization and division of labour, barter and evolution of money, counterfeiting and currency debasement, hoarding, public provision of infrastructure, public spending and taxation, and so on. And we tell the readers that he discusses all of these “within the larger theological framework which viewed all human behavior in teleological terms” (1990, 401); indeed, such was the overall frame of reference of all Scholastics, whether Jewish, Christian, or Islamic. And we suggest that it is his elucidation of such economic concepts that should place him as a “distinguished pioneer of modern economic thought” (402).

Note
1 This paper first appeared in History of Political Economy, vol. 27, no. 4, 1995; pp. 781–5.
EXPLORATIONS IN MEDIEVAL ARAB-ISLAMIC ECONOMIC THOUGHT

Some aspects of Ibn Taimiyah’s economics

S.M. Ghazanfar and A. Azim Islahi

Introduction

Our purpose in this paper is to explore and present some aspects of the economic thought of a medieval Arab-Islamic scholar, Taqi al-Din Ahmad bin ‘Abd al-Halim, known as Ibn Taimiyah (AH661–728/1263–1328AD). In the intellectual history of Islam, he “is classified as a reactionary”. Also, “there is very little in the theological development of Islam up to his own day that escaped Ibn Taimiyah’s highly developed historical sense” (Peters 1968, pp. 200–1). His discussion of economic issues tends to be quite normative, with extensive positive analysis, quite like that of other Arab and Latin Scholastics (for example, Abu Hamid Al-Ghazali, 1058–1111; Nasir al-Din Tusi, 1201–74; Ibn al-Ukhuwah, d. 1329; St Thomas Aquinas, 1225–74; and others). While some of Ibn Taimiyah’s works have been translated into English and other languages, the present paper relies primarily on the original Arabic-language sources.

In reference to medieval Arab-Islamic scholarship, Ibn Taimiyah stands out distinctively as one of at least thirty-five to forty prominent scholars who wrote on a variety of specific economic issues—some even wrote separate treatises (for example, Abu Yousuf, 731–98; Al-Farabi? 870–950; Tusi, 1201–74; Ibn al-Ukhuwah, d. 1329; St Thomas Aquinas, 1225–74; and others). Unfortunately, however, there is hardly any Arab-Islamic scholar whose economic thought is familiar in the profession or incorporated in the relevant literature. Such neglect is only tangentially rectified by some English-language literature on the economics of a late-medieval Arab-Islamic scholar, Ibn Khaldun (1332–1404). About twenty-five years ago, Joseph Spengler wrote an excellent paper on this scholar, and while referring to Arab-Islamic literature of the era, he observed that “the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge” (Spengler 1964, p. 304). Thus, part of the stimulus for the present paper comes from Spengler’s suggestion. Further, it might be noted that another scholar, also writing on Ibn Khaldun, referred to
him as “among the fathers of economic science”, but, quite erroneously, that he was “an accident of history…without predecessors and without successors” (Boulakia 1971, p. 1118).

It is appropriate, in the present context, to briefly refer to the controversial “Great Gap” thesis, propounded by Joseph Schumpeter in his classic History of Economic Analysis. According to this thesis, the several centuries between the Greeks and the Latin Scholastics (particularly St Thomas Aquinas) were simply “blank centuries”, during which nothing of relevance to economics was written (Schumpeter 1954, p. 74). Such a claim is untenable, though Schumpeter perhaps was not aware of the Arab-Islamic literature on economics, especially given the cultural context in which he wrote (see Ghazanfar 1988; also Ghazanfar and Islahi 1990).2

In the same vein, it is interesting to note that much of the existing economic literature assumes that, as with numerous other concepts, the idea of classifying market forces into demand and supply is a relatively recent development in the history of economic thought. Again, there is Schumpeter’s endorsement: “As regards the theory of the mechanism of pricing, there is very little to report before the middle of the eighteenth century” (1954, p. 305). As with his “Great Gap” thesis, this conclusion also completely disregards the contributions of Arab-Islamic scholars (and some European scholars) on this important topic. Certainly, as early as the thirteenth century, Ibn Taimiyah provided a rather sophisticated discussion of the behaviour of markets, as we shall see below.

Ibn Taimiyah’s discourses extended to many diverse fields, not unlike most other Arab-Islamic and Latin-Christian scholars of the era. Similarly, his writings emphasized the “holistic” intellectual approach. However, one finds considerable economic content—normative as well as positive—in his writings, similar to that found in the works of his Arab and Latin counterparts. Consistent with the intellectual tradition of the time, however, his scholarship was not dominated by economic aspects of life, nor does one discover the esoteric abstractions and theoretical constructs to which contemporary economics has become accustomed. His style is quite similar to that of other Arab and Latin scholars, though somewhat unlike the more refined and abstract approach followed by Ibn Khaldun (1332–1404).3 Instead, one chiefly encounters in their texts theological-philosophical ratiocination. Treatises on a specific field would hardly have been compatible with the prevailing “integrative” approach to learning. Further, like other scholars of the era, Ibn Taimiyah mixes philosophical, religious, ethical, sociological and economic considerations in his discourses.

We begin with a brief synopsis of the socio-economic environment in which Ibn Taimiyah lived and wrote, as well as a few remarks about his life. This will be followed by a discussion of Ibn Taimiyah’s economics. For the purposes of this paper, we shall restrict ourselves chiefly to a discussion of his views on the operations of a free market economy—which, in order to ensure that public welfare is not threatened, is to be administered and supervised through
the institution of hisbah. However, he had a great deal to say on other significant economic issues—for example, the role of money, the right to private property, the role of the public sector (including price regulation), public finances, various types of business organizations, problems of income-wealth distribution, poverty, and so forth. Only brief comments will be offered on these aspects of Ibn Taimiyah’s economics.

**Ibn Taimiyah: his environment and his life**

Born in Harran (then Syria, now Turkey) in 1263, Ibn Taimiyah spent most of his life in Damascus (Syria) but also partly in Cairo. Both Syria and Egypt were part of the first Mameluke Dynasty (1260–1382), and Ibn Taimiyah’s greatest achievements belong in this period. Egypt and Syria represented the centres of learning during the Mameluke period. According to Hitti,

> Damascus and Cairo, especially after the fall of Baghdad (due to Mongol invasions) and the disintegration of Moslem Spain (after the crusades), remained the educational and intellectual centers of the Arab world. The schools founded and richly endowed in these two cities served to conserve and transmit Arab science and learning. 

(Hitti 1951, p. 651)

The struggle between the rationalism of the Greek philosophy and the comprehensive, unitive and intuitive quality of Islamic thought, however, continued in the Mameluke period and is reflected in the writings of numerous Arab-Islamic scholars, including Ibn Taimiyah.

Mameluke society was stratified into four distinct classes. First, there were the rulers (the Mamelukes) themselves, whose chief occupation was the conduct of the state. Second, there were the ahl al-'amamah, or “turban men”, employed in various professions, such as public administrators, jurists, educators and religious scholars (ulama). This group represented the link between the rulers and the general public; and the Mamelukes often feared them because of their influence and their tendency to criticize the rulers for any breach of religious injunctions (Suyuti 1968, pp. 97, 99). Third, given the intense commercial activity of the time, there was the rich class of traders and merchants. The fourth group was made up of the rest—farmers, labourers, craftsmen, small shopkeepers and the poor. The farmers were in the majority, and fared about the worst economically, mainly because of heavy taxation (Ibn Iyas 1960, p. 30). A collective tax levied on a village, regardless of income level, was called by Ibn Taimiyah al-mazalim al-mushtarakah, i.e. a joint or common injustice (Ibn Taimiyah 1983–9, vol. 30, pp. 338–9).

As for the nature of economic life during this period, some insights can be gained from several sources. According to Lane-Poole,
It was an age of extraordinary brilliance in almost every aspect. In spite of the occasional records of scarcity and high prices, the wealth of the country, whether from its fertile soil or from the ever-increasing trade with Europe and the East, was immense, if the fortunes of the individuals are any test.

(Lane-Pool 1925, p. 313)

The Mamelukes were aware that their success depended on the strength of the economy, along with their army. They fully exploited the sources of wealth, and developed agriculture, trade and industry. Since the population’s basic needs depended on agriculture, this sector received first priority. Industry also flourished in the Mameluke era. Egypt was prominent in such industries as sugar, textiles, iron and steel, armaments, utensils and ornaments, shipbuilding and transportation. Indeed, Egypt and Syria were centres of trade and commerce long before the advent of Islam. According to Hitti,

The concessions offered by al-Adil and Baybars (Mameluke rulers) to the Venetian and other European merchants stimulated an exchange of commodities and made Cairo a great “entrepot” of trade between East and West...Damascus, Tripoli, Antioch, and Tyre were among the leading centers of industry.

(1951, p. 639)

Commenting on the economic conditions of this era, Heaton says:

Muhammadanism regarded trade as a worthy occupation, ties of rule and religion facilitated long-distance trade and travel; and since the Asiatic end of the Moslem world possessed many industrial or agricultural skills and products which were superior to those of the European end, the West benefited by the lessons it learned from its new masters.

(Heaton 1948, pp. 151–2)

Ibn Taimiyah’s life was one of commitment and struggle on three fronts. As a soldier, he fought against the Mongol invasion from the East, while the Mediterranean territories were still in ruins at the hands of the Crusaders (Ibn Kathir 1966, vol. 14, pp. 8–10). As a radical scholar, he fought against the stagnant Islamic teachings of the previous four centuries. And as a reformer, he attacked the social and political ills that surrounded him, and even criticized the rulers and other jurists and scholars (Al-Mubarak 1970, p. 847). As the iconoclastic radical-reformer that he was, he was imprisoned on several occasions. During his imprisonment he was not allowed to read, write, or have any contacts with his students. He spent the last months of his life in a Damascus prison, where he died in 1328 at the age of 65.
Given the depth of his religious convictions and knowledge of Islamic scriptures, Ibn Taimiyah was thoroughly familiar with the writings of various other Islamic scholars (for example, Al-Farabi, 870–950; Ibn Sina, 980–1036; Ibn Hazm, d. 1086; Al-Ghazali, 1058–1111; Ibn Tufail, d. 1186; Ibn Rushd, 1126–98; and others), as well as the inherited reservoir of Greek knowledge. However, “though poles apart from Al-Ghazali, he is nevertheless to some extent under his influence, but more under the influence of Ibn Hazm and his Zahirism” (Ali 1967, p. 25, quoting Goldziher). While Al-Ghazali attempted to accommodate all movements and tendencies in contemporary Islam, such as mysticism, rationalism, dogmatism, etc. (as legitimate branches of one tree), Ibn Taimiyah sought to cleanse Islam from everything which was, to his mind, incompatible with Islamic shariyah.

Thus Goldziher characterizes Ibn Taimiyah as not belonging to a definite school of thought but being a “Muslim on his own” (“Muhammadner auf eigene Faust”) (Goldziher 1884, p. 188). Nevertheless, Ibn Taimiyah is generally associated with the Hanbali school of Islamic jurisprudence, although he often differed with—as well as drew upon—each of the four schools mentioned earlier. He was critical of the excessive rationalism of Greek philosophy. “Like Kant (d. 1804), he did not believe that reason could lead us to the knowledge of the Ultimate Truth. And, as against the deductive method, Ibn Taimiyah emphasized the need and importance of the inductive and empirical method” (Umaruddin 1963, pp. 725–6).

By the thirteenth century, the Islamic way of life had become dominated by numerous un-Islamic customs and rites and false innovations (such as tomb worship), and by certain forms of Sufism (mysticism) which enervated the message of Islam. Ibn Taimiyah attempted reforms in both directions. Sufism preached a life of seclusion and strict “other worldliness” (Ibn Abd al-Hadi 1938, p. 27). Ibn Taimiyah was vehemently opposed to such un-Islamic concepts and practices. Although his reformist views found little favour in his own time, almost all historians have recognized his deep impact on the most prominent reformer of the eighteenth century, Muhammad bin ’Abd al-Wahhab (d. 1792), whose ideas have been influential in contemporary Saudi Arabia (Laoust 1971, p. 950).

As a deeply religious man, he thought false concepts of his faith would lead to mass exploitation and social upheaval. Consistent with the prevailing ethos, he believed (as did his Arab and Latin counterparts), that religion and the state should be closely linked—the separation of one from the other had not yet happened. In his view, without the coercive power of the state, religion would be in jeopardy; and without the discipline of the revealed message, the state would become tyrannical (Ibn Taimiyah 1971, p. 189).
Ibn Taimiyah’s economic thought

Versatile scholar that Ibn Taimiyah was, it is natural that economic matters should receive considerable attention in his writings. He had seen—indeed, lived—the socio-economic upheavals of the time (especially the Crusades and the Mongol invasion), as well as the plight of the poor and their exploitation by the ruling class. He found additional inspiration in the fact that Islam as a religion and a way of life focused specifically on the prevailing economic problems and prescribed guidelines for solutions.

Being a prolific writer, Ibn Taimiyah authored at least eighteen books on various topics. However, much of his economics is to be found in two books: *Al-Hisbah fi’l-Islam* (Public Duties in Islam: The Institution of the Hisbah) and *al-Siyasah al-Shariyah fi Islah al-Rai wa’l-Raiyah* (Public and Private Laws in Islam), both of which are available in the English language (see Ibn Taimiyah 1982; Farrukh 1966). While in the first book he discusses the operation of markets, and reasons for public sector intervention in economic affairs, in the latter volume, as well as in his *Fatawa*, he deals with public sector economics (the role of the public sector generally, including matters of public spending, taxation, borrowing, the role and functions of money, usury, currency debasement, infrastructure, issues of income distribution and poverty, and so forth). Further, given his tendency to digress frequently, his economic views are also scattered throughout his other books—especially in his *Fatawa*, or legal rulings.

In the following pages we shall focus primarily on Ibn Taimiyah’s views relating to the operations of a free market economy, paying some attention to public sector intervention in the markets directly and through an administrative institution called *hisbah*. Also, we shall briefly present Ibn Taimiyah’s views on some other economic topics.

**Operations of the free markets**

At the outset it must be stated that while Ibn Taimiyah never uses the term “competition” (a concept that emerged much later in the evolution of economic thought), or describes the conditions of perfect competition in contemporary jargon, it is clear that his awareness of the “competitive market” assumptions is unambiguous. He writes that “to force people to sell objects which it is not obligatory to sell, or restrict them from selling a permissible object, is injustice and therefore, unlawful”. In contemporary terms, this clearly refers to full freedom to enter or exit a market. Further, he is critical of collusion among buyers and sellers (Ibn Taimiyah 1976, p. 25). He emphasizes knowledge of the markets on the part of participants (*ibid.*, pp. 49–50). He had a clear perception of the well-behaved, orderly market, in which knowledge, honesty, fair play and freedom of choice were the essential ingredients. So it is with this contextual background that one must appreciate and evaluate Ibn Taimiyah’s analysis of “free market economics”.

58
Market demand and supply

Ibn Taimiyah understood well the functioning of the voluntary-exchange, free market economies, and how prices tended to be determined through the forces of demand and supply. He states (Ibn Taimiyah 1983–9, vol. 8, p. 583):

Rise and fall in prices is not always due to injustice [zułm] of some people. Sometimes its reason is deficiency in production or decline in import of the goods in demand. Thus, if the desires for the good increase while its availability decreases, its price rises. On the other hand if availability of the good increases and the desires for it decrease, the price declines. This scarcity and abundance may not be caused by the action of any people; it may be due to cause not involving injustice, or, sometimes, it may involve injustice.

This statement partly reflects a commonly held view at the time: that rising prices are the result of injustice, or transgression, on the part of sellers, or possibly the result of manipulation of the market. However, Ibn Taimiyah argues, there could be other factors. He states that rising or falling prices could be due to market pressures. Then he discusses some of the factors that influence demand and supply, and his insights, while not quite as elegant as one finds in contemporary texts, are remarkably profound for the era he represented. He mentions two sources of supply: domestic production and imports of the goods demanded. A change in supply is described as an increase or decrease in the availability (supply) of the good. He describes “demand for a good” (raghbat fi’l shai) in terms of “desires for the good” -suggesting “taste” in contemporary terms, a key determinant of demand (another being “income”, which he does not mention explicitly).

The above extract from Ibn Taimiyah clearly suggests what we now call “shifts” in demand and supply schedules, though he did not use this jargon. Thus, at a given price, demand increases and supply decreases, leading to a price rise. Or, conversely, at a given price, supply increases and demand decreases, leading to a price decline. Similarly, depending upon the extent of change in supply and/or demand, the change in price may be large or small, or none at all. Various such possibilities seem to be implied in the above quotation. Elsewhere, he is much more explicit (Ibn Taimiyah 1976, p. 24):

If people are selling their goods according to commonly accepted manner without any injustice on their part and the price rises due to decrease of the commodity [qillat al shai] or due to increase in population [kathrat al khalq], then this is due to God’s doing.

Here Ibn Taimiyah suggests the reasons for price increase may be either a decrease in supply or an increase in population (number of buyers)—that is, an increase in market demand. Thus a price increase due to reduced supply
(leftward shift) or increase in demand (rightward shift) is described as an “act of God”—obviously referring to the impersonal nature of the markets.

From the foregoing, it is obvious that Ibn Taimiyah distinguishes between two factors that may cause shifts in demand-supply schedules and thus affect the market price: automatic market pressures and sellers’ transgression (i.e. due to hoarding).

It might also be noted that while Ibn Taimiyah traces the effects of changes in demand and supply on market prices, he does not seem to identify the effect of higher or lower prices on quantity demanded or supplied (i.e. movements along the respective schedules). However, in his *Al-Hisbah* he refers to an earlier jurist, in that “administrative setting of too low a price that leaves no profit results in a corruption of prices, hiding of goods (by sellers) and destruction of people’s wealth” (*ibid.*, p. 41). He seems to be aware of a direct relationship between price and quantity supplied. Further, he is also pointing to the disincentives effects of an “administratively fixed” price which is “too low” (obviously relative to some “normal” price). and which could reduce profits and encourage hoarding.

**Other factors affecting market demand and supply**

Elsewhere, Ibn Taimiyah identifies some other determinants of demand (and supply) which can affect the market price, such as:

1. intensity and magnitude of demand,
2. relative scarcity or abundance of a good,
3. credit conditions, and
4. discounts for cash payments.

The following brief quotations are illustrative (Ibn Taimiyah 1983–9, vol. 29, pp. 523–5):

People’s desire [*al-raghabah*] is of different kinds and varies frequently. It varies according to the abundance or scarcity of the good demand [*al matlub*]. A good is much more strongly desired when it is scarce than when it is available in abundance.

It varies also depending on the number of demanders [*tullab*]. If the number of persons demanding a commodity is large, its price goes up as against when their number is small.

It is also affected by the strength and weakness of the need for the good and by the extent of the need, how great or small is the need for it. If the need is great and strong, the price will increase to an extent greater than if the need is small and weak.

[The price also varies] according to [the customer] with whom exchange is taking place [*al mu’awid*]. If he is well-off and trustworthy in paying debts, a smaller price from him is acceptable [to
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the seller] which [price] would not be acceptable from one known for his insolvency, delay in payment or refusal of payment due.

In talking about the desirability of contracts, he says:

This is because the purpose of contracts is [reciprocal] possession by the two parties [to the contract]. If the payer is capable of payment and is expected to fulfill his promise, the objective of the contract is realized with him, in contrast to the case if he is not fully capable or faithful regarding his promise. The degrees of capability and faithfulness differ. This applies to the seller and the buyer...The price of what is available is lower than the price of what is not [physically] available. The same applies to the buyer who is sometimes able to pay at once as he has money, but sometimes he does not have [cash] and wants to borrow [in order to pay] or sell the commodity [to make payment]. The price is lower in the former case.

An increase in the number of buyers which thus causes an increase in price (other things being constant) is indeed well recognized. However, size of need as distinct from the intensity (both may be viewed as suggesting “tastes”) refers to the commodity’s place in the basket of goods desired by the buyer. If this interpretation is correct, Ibn Taimiyah has associated high prices with intensity of need as well as the good’s relative importance in the totality of a buyer’s requirements. The converse then would also follow. Further, Ibn Taimiyah suggests the relevance of credit to sales. The above quotation implies that if credit transactions are common, sellers must face uncertainties as to future payments (say, between a more vs. less creditworthy customer) when quoting prices. Further, he is also aware that a seller might offer “discounts” for cash transactions. Clearly, Ibn Taimiyah’s arguments not only demonstrate his awareness of the demand-supply forces, but also his concern about the incentives-disincentives, uncertainties and risks involved in market transactions. Both represent significant contributions to economic analysis, especially when one bears in mind the era during which Ibn Taimiyah was writing.

Public sector intervention in the markets

While Ibn Taimiyah’s vision of economic affairs is essentially free market oriented, he does not advocate unbridled functioning of the “invisible hand”. He discusses certain circumstances which might warrant price regulation and controls—specifically when there are market imperfections (monopolistic practices) and/or when there are national emergencies (famine, war, etc.). As noted earlier, when talking of “administratively fixed prices” he cautions against excessive regulation, for the incentives of the profit motive might be blunted.
With regard to market imperfections, Ibn Taimiyah recommends that if sellers abstain (through hoarding) from selling their goods except at a higher price than the customary or “normal” price and people need these goods, then they will be required to sell them at the “price of the equivalent” (Ibn Taimiyah 1976, p. 25). Incidentally, this concept is synonymous to what is also described as a “just price”. Further, if there are elements of monopoly (especially in the markets for food and similar necessities), the state must intervene to ensure that monopoly power is restricted (ibid., pp. 25–6). Ibn Taimiyah proposes a basic principle for the removal of market-generated injustices: “If abolition of injustice in its entirety is not possible, one is obliged to eliminate it to the extent possible” (ibid., p. 26).

While Ibn Taimiyah would oppose any price regulation or controls when price increases are the result of “natural” market forces, he advocates price controls under certain conditions. He distinguishes “two types of price-fixing - unjust and invalid and just and valid” (ibid., p. 24). Thus it would be unjust price-fixing, and therefore to be prohibited, if the price rise that were being “fixed” was the result of free play of competitive markets—due to diminished supply or increased demand, or whatever the “natural” circumstances.

However, in times of emergency, such as famine or war, Ibn Taimiyah recommends government price controls and forced sale of essential commodities, such as foodstuffs; such controls are classified as “just and valid”. He says:

It is for the authority to compel a person to sell his goods at a fair price when people are in need of it. For example, when he has surplus food and people are faced with starvation, he will be forced to sell at a just price.

(ibid., p. 24)

However, sellers could not be compelled to sell, except in cases of necessity (ibid., p. 26).

Administration of the markets through hisbah

Any discussion of Ibn Taimiyah’s views on the functioning of markets will be incomplete without reference to the institution of hisbah—a term that is not found in the Qur’an, yet whose functions and goals are attributed to the Islamic scriptures. It was an institution through which a number of economic activities, not otherwise conducted in the public interest through the free play of the markets, were supervised and administered. However, the scope of hisbah went beyond economic matters: it also encompassed the moral and spiritual well-being of the society as well as the supervision of social and civil activities, In broad terms, and given the context of Islamic society, Ibn Taimiyah defined the aim of hisbah to “promote what is good and forbid
what is evil” (al-’amr bi’l ma’ruf wa-n-nabi ’an al munkar), particularly in those areas where the authority of other public officials could not reach (ibid., p. 18). According to a contemporary Islamic scholar, hisbah represented an administrative control function of

the government through persons acting especially in the field of morals, religion and economy, and generally in the areas of collective or public life, to achieve justice and righteousness according to the principles of Islam and commonly known good custom of the time and place.

(Al-Mubarak 1970, pp. 73–4)

The public official entrusted with hisbah was known as the muhtasib, with supervision of the markets being one of his main responsibilities. Thus he exercised comprehensive administrative control and surveillance over trade and economic activities. Some specific areas of such “market” administration included the following (Ziadeh 1963, pp. 34, 55):

1 supply and provision of necessities (foodstuffs, etc.);
2 supervision of industry (product standardization, arbitration, minimum wages, etc.);
3 supervision of services (including professions such as physicians, surgeons, pharmacologists, teachers, innkeepers, etc.); and
4 supervision of trading practices (weights and measures, product quality, enforcing laws against hoarding, usurious and other forbidden practices).

It may be noted that the concept of muhtasib has its contemporary parallel in the ombudsman, though the former is much broader in scope.

Apart from these activities, the muhtasib performed the municipal function of ensuring that, in the construction of buildings and structures, nothing prejudicial to public safety would happen (ibid., pp. 48, 49, 93). Similarly, he would oversee the location of industries for reasons such as encouraging similar businesses to locate in the same area, and protecting industries from damage from others—for example “pollutant” industries might not be allowed to locate near pharmacies and cloth merchants (ibid., p. 95).

Extending well beyond economic matters, the muhtasib’s obligations encompassed “orders and prohibitions concerning God, God in relation to man, man’s affairs, both public and private” (Foster 1970, p. 140). The comprehensiveness of the muhtasib’s responsibilities is well described by Ibn Taimiyah himself (1976, pp. 19–20):

The muhtasib shall enforce the Friday and other congregational prayers, ensure truthfulness of conduct and behavior, repayment
of deposits, and he shall forbid such evil behavior as telling lies, dishonesty, improper weights and measures, fraud in industries, trades and religious matters, etc.

While our purpose in this paper is mainly to present some aspects of Ibn Taimiyah’s economics, of which hisbah is an important element, it is appropriate to briefly place this institution in an historical perspective, from the standpoint both of its significance and its origin.

Although Ibn Taimiyah advocated the free play of market forces, he was not a believer in the “invisible hand”—an “eighteenth century discovery of the rational resource-allocating capacities of the self-regulating market system” and “a postulate which would have been unintelligible as late as medieval times” (Lowry 1987, pp. 240, 249). The state plays an active role in Ibn Taimiyah’s economy, being the custodian of public interest, chiefly through the institution of hisbah—and, guided by the Islamic scriptures, the muhtasib was responsible for ensuring that all economic agents fulfilled their obligations toward one another and scrupulously adhered to appropriate norms of behaviour.

As an “Islamized” institution, the hisbah remained in existence through the greater part of the Muslim world until the beginning of the twentieth century. However, similar state-sponsored administrative institutions, with varying nomenclature and primarily restricted to economic matters, also prevailed during the earlier Greek and Roman civilizations (from which—especially the Greek—medieval Islam inherited considerably, both in learning as well as in cultural-institutional adaptations).

In the Greek tradition, the activities of the marketplace (the agora) were administered (“with a whip in hand”, according to Foster (1970, p. 129)) in the public interest, by the market inspector, or agoranomos, to “ensure the proper functioning of the oikonomia”, with “emphasis on stability and self-sufficiency” (Lowry 1987, pp. 238, 240). Subsequently,

especially under the influence of Rome, the agoranomia evolved from a post of market inspector to that of a prominent public benefactor…and the office of the Roman aedile was the source of this influence, and the Greek word agoranomous came to mean what the Latin word “aedile” meant.

(Foster 1970, p. 130)

The range of functions of the Roman aedile, however, fell somewhere between those of the Greek agoranomos and the Islamic muhtasib.

To the extent that Ibn Taimiyah’s hisbah relates to matters of the marketplace, this institution reflects administrative control and direction over economic activities similar to that found in the Graeco-Roman tradition, “with an arena of open competition within the prescribed boundaries of public interest”. However, what is significant about Ibn Taimiyah’s contribution is
that it “added an elaboration of the zone of market relationships that functioned without direct intervention when constrained within the broader oversight of officials committed to protecting the public interest” (Lowry, personal communication, 22 August 1990).

Is there any connection between the terms *hisbah* and *muhtasib* and the earlier traditions? According to Foster, the word “agoranomos in the sense of aedile had dropped out of use by the end of the third century” and was replaced by “prefect” (*eparch* in Greek) during the Byzantine age—though the term *agoranomos* also remained (Foster 1970, p. 134). Nevertheless, any connection “is dubious because the word ‘agoranomos’ does not appear in inscriptions after the fourth century” (*ibid.*, p. 135). After tracing the use of various terms in the early Islamic world, this historian concludes that “The connection of any functionary called ‘agoranomos’ and the Islamic ‘muhtasib’ seems impossible” (*ibid.*, p. 139). Further, “The muhtasib had a whole set of other duties that appear uniquely Islamic and which were derived from the claim of Muslim law to regulate every aspect of an individual’s public and private life” (*ibid.*, p. 141).

Additional corroborative evidence comes from the *Encyclopedia of Islam*. Thus, while “the origin, apparently very old, of the office of *hisba* is no clearer…it is possible that both the office and the name were introduced in the Muslim period without there being any connection” with earlier traditions, since “there exists no record of the *agoranomos* in the Greek inscriptions for three hundred years before the Arab conquest”. Further, there “is no reason to insist that [the term *hisba*] could not have appeared without inspiration from outside” (*Encyclopedia of Islam*, p. 487). However, the issue is not without controversy (see Glick 1971).

### Some other topics in Ibn Taimiyah’s economic thought

While Ibn Taimiyah’s discussion of competitive markets, given the *hisbah*-related limits, represents his most important contribution to economic thought, he also discussed several other topics—and each could well be the subject of separate studies. However, given the scope of the present paper, a mere glance at some of these may be presented (see Ibn Taimiyah 1983–9, vol. 29 primarily; also 1976 and other sources):

1. In the context of market price determination, Ibn Taimiyah discusses two concepts quite frequently in his writings: compensation of the equivalent (‘*iwad al-mithl*’) and price of the equivalent (‘*thaman al-mithl*’). He elaborates, in that the “equivalent” “will be measured and assessed by its equivalent and this is the essence of justice (*nafs al-adl*)” (AH1381–7, vol. 29, p. 521). Elsewhere, he distinguishes between two kinds of prices: unjust and prohibited, and just and permissible; and he considers the “price of the equivalent” as the just price (1976, pp. 24–5).
In defining the “compensation of the equivalent”, Ibn Taimiyah says that it “is the equivalent amount of that particular object in the prevailing usage. It is also referred to as the rate and custom” (1983–9, vol. 29, p. 522). Further, “the correct evaluation of the just compensation will be based on the analogy and assessment of a thing by its equivalent. And this is the real justice and real accepted usage” (ibid., p. 521). Such concepts initially represented guidelines for justice and for matters of litigation. Thus what began as defining justice in ethical-moral terms eventually evolved into economic terms.

In contrast to the “compensation of the equivalent”, the concept of the “price of the equivalent” arises when there is actual sale, purchase and exchange of goods. Thus, “The price of the equivalent is that rate at which people sell their goods and which is commonly accepted as equivalent for it and for similar goods at that particular time and place” (ibid, p. 345). Elsewhere, he suggests the price of the equivalent to be one which is established by the free play of market forces (1976, pp. 25, 42). Further, Ibn Taimiyah also talks in terms of “wage of the equivalent” and “profit of the equivalent” (ibid., pp. 34, 37).

It might be mentioned that Al-Ghazali also talked in similar terms during the eleventh century as did St Thomas Aquinas during the thirteenth century (see Ghazanfar and Islahi 1990). So while the notion of a just or fair price was present in Islamic jurisprudence from the earliest times, Ibn Taimiyah is the first Arab-Islamic scholar to discuss such concepts in considerable detail. And through evolutionary metamorphosis, it seems, the word “just”, originally reflecting the religious-ethical spirit of the times, transformed into “natural” with the Physiocrats, “normal” with the Classicals, and eventually “equilibrium” with Marshall and others. In each case, what began as a chiefly normative concept increasingly became interpreted as a “positive” consequence of free markets (see Dempsey, for example, for some controversial aspects of the issue).9

1 Ibn Taimiyah discusses economic issues relating to property rights in a manner analogous to the Roman and Greek viewpoints, as well as the Latin-Christian perspectives. He discusses property rights at three levels: individual, social and state.

According to Ibn Taimiyah, the individual is indeed free to acquire property, subject to moral constraints. This right has been accorded so that he may meet certain obligations, but as soon as he transgresses the shariyah (the laws of Islam, based on the holy scriptures and the traditions and their interpretations) his rights will be subject to state intervention. However, there is no doubt that Ibn Taimiyah regards private property as a basic institution and it would be incorrect to think that the state is supreme in this regard, as the rights of the individual are inviolable while he acts within the “scriptural bounds”, for the sake of “social good”. Further, consistent with his market orientation, Ibn Taimiyah advocates private ownership and enterprise. Indeed,
throughout his writings, the right to private property is simply assumed as given.

3 Ibn Taimiyah discusses in considerable detail the issues relating to barter economic systems, the evolution, nature and functions of money, and currency debasement, as well as an early version of Gresham’s Law (a concept also suggested by Al-Ghazali earlier, but one that is often associated with the fourteenth-century French scholar Nicholas Oresme (1328–82) and, in the contemporary literature, with the Englishman Thomas Gresham (1519–79) (Ibn Taimiyah 1983–9, vol. 29, p. 469)). Further, he discusses the Islamic position relating to usury in detail, concluding with similar injunctions to those found in the writings of the Greek philosophers, St Thomas Aquinas and other medieval scholars. Aside from the scriptural prohibitions of usury, Ibn Taimiyah provides detailed economic arguments—something also pursued by Al-Ghazali earlier, though not as extensively.

4 Ibn Taimiyah discusses the socio-economic role and functions of the state quite thoroughly. Promotion of socio-economic justice being the supreme goal of Islamic society, the state must secure a balance between the rights of individuals and the power of the state. But, he argues, the state must pursue such goals as the eradication of poverty, amelioration of gross income and wealth inequalities, regulation of markets to minimize the evils of market imperfections, economic planning to provide the necessary socio-economic infrastructure, just and efficient enforcement of the laws (including taxation), and so forth. The essence of Ibn Taimiyah’s economics, as well as his view of the state’s responsibilities, is well expressed in a letter to the ruler of the time. He advised the ruler to combat starvation, to satisfy the basic needs of the people, to help the oppressed, to listen to those in distress, and to enjoin good and forbid evil, for he considered such actions to be the pillars of justice and goodness. He insists that it is the state’s responsibility that every person is assured a minimum standard of living sufficient for him to fulfill his obligations to his faith, family, and to his fellow-citizens (ibid., vol. 24, p. 280).

Concluding remarks

Based on Ibn Taimiyah’s original writings, we have explored and presented some aspects of the economic thought of an eminent thirteenth-century Arab-Islamic scholar. Writing several centuries before the well-known European classical economists, Ibn Taimiyah was the product of an era when man, not matter, was the measure of all things and economic concerns were
secondary—the ultimate test of all human endeavours being one’s salvation. Such were the underlying assumptions of medieval scholarship generally, whether Arab-Islamic or Latin-Christian.

Ibn Taimiyah demonstrates, among other things, rather detailed knowledge of the operations of a voluntary-exchange, market economy that “naturally” evolves among freely acting individuals, motivated by self-interest and mutual necessity—though such environment is conditioned and guided by a divinely inspired code of ethics and moral values. He shows deep understanding of the forces of demand and supply. He talks of the “intensity and size” of demand and various sources of supply, as well as incentives generated by the profit motive. He identifies several factors which affect demand and supply (which “shift the schedules”, as one would say in contemporary terms). He even identifies several characteristics of what we today call the “perfectly competitive markets”. Further, he insists that it is no transgression on the part of market participants if prices of goods increase due to competitive market forces. And, therefore, there is no reason for public sector intervention—unless there are market imperfections or emergencies such as famine or war. Moreover, in the manner of his Arab and Latin contemporaries, as well as his Greek and Roman predecessors, Ibn Taimiyah would have limited faith in the self-regulating market mechanism, though he advocated the free play of competitive markets. Thus he stressed the public institution of hisbah, to be entrusted to a “grand ombudsman” called the muhtasib. The explicit purpose of this institution was, given the Islamic scriptures, the administration and supervision of economic activities in the public interest—“to promote what is good and to forbid what is evil”. The muhtasib was the Islamic version of the earlier Greek agoranomos and Roman aedile, though the former’s responsibilities were much broader.

Further, we earlier noted Schumpeter’s remark on the pricing mechanism—“there is very little to report before the middle of the eighteenth century”. He also observed that “The contribution of even the brightest lights, such as Barbon, Petty, Locke, do not amount to much” (Schumpeter 1954, p. 305). However, it is clear that, contrary to Schumpeter’s observations, five hundred years earlier Ibn Taimiyah (and before him Al-Ghazali in particular) had provided a rather lucid analysis of the demand and supply forces as they relate to price determination (although Ibn Taimiyah did not talk of price determination in terms of value theory, or in terms of the relative scarcity or abundance of goods and money supply). To the best of our knowledge, it was not until the eighteenth century that any European scholar discussed such topics with the kind of rigour evident in Ibn Taimiyah’s writings centuries earlier.

Ibn Taimiyah wrote in an age when economics as a science, or even as a separate discipline, had not yet emerged. One is impressed by his perceptions of the market mechanism and the forces of demand and supply, as well as the problems of market imperfections and distortions, and their effects upon...
consumers and producers. He is concerned with the questions of monopoly, hoarding and price manipulations. He also explored several other topics relevant to the discipline of economics (for example, barter transactions, the role of money, public finances, property rights, distribution of income and poverty, etc.).

At the societal level, however, Ibn Taimiyah’s primary concern is the establishment of a just economic order. Further, his concern for socio-economic justice is vividly expressed in his assertion that a regime committed to justice, even if it has certain moral failings, is superior to a regime of “pious tyranny”. As for the pursuit of economic activities, he says wealth is superior to poverty even in the moral sense, for while poverty gives rise to rights, wealth imposes obligations such as mutual help and sharing. And, according to Henri Laoust, Ibn Taimiyah’s “doctrines are favorable to the organization of an active economic society for the reason that, in the absence of such organization, wealth which is static will soon tend to diminish and finally disappear altogether” (Laoust 1939, p. 441).

Clearly, Ibn Taimiyah deserves to be acknowledged as among the distinguished pioneers of modern economic thought.

Notes

1 This paper first appeared in S.Todd Lowry (ed.) Perspectives on the History of Economic Thought: Selected Papers from the History of Economic Thought Conference 1990, vol. 7, Edward Elgar, Vermont; 1992, pp. 45–63. The authors are indebted to Professor S.Todd Lowry for several useful suggestions. Any shortcomings, however, remain the authors’ responsibility.

2 Schumpeter might well have reflected an institutionalized, cultural phenomenon concerning Arab-Islamic scholarship, aptly described by Norman Daniel as “a cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel 1975, p. 87). In the same vein, with regard to Western attitudes toward Arab-Islamic thought generally, Montgomery Watt says, “the difficulty is that we are the heirs of a deep-seated religious prejudice which goes back to the ‘war propaganda’ of medieval times”. Watt also stresses the influence of Western scholars’ own cultural and intellectual heritage by adding, “yet we should not allow ourselves to forget that we are not wholly freed from the entail of the past” (Watt 1979, p. iv).

3 The fact that Ibn Taimiyah and numerous other medieval Arab and Latin Scholastics, as well as their Greek and Roman predecessors, did not discuss economic issues in terms of the formal analysis evident with more recent scholars must not persuade one to diminish or dismiss their contributions. Doing so would be, according to Polanyi, tantamount to compounding “two meanings that have independent roots. We will call them the substantive and the formal meaning...The latter derives from logic, the former from fact.” In making the distinction, Polanyi states: “It is our proposition that only the substantive meaning of economic is capable of yielding concepts that are required by the social sciences for an investigation of all the empirical economics of the past and present” (Polanyi 1968, pp. 139–40).
Commenting on the possibility of price controls under such circumstances, Samuelson, for example, writes: “Patriotism is more effective in motivating people to brief acts of intense heroism than to putting up day after day with an uncomfortable situation”. He goes on:

Such emergency measures work very well in emergencies but may create more and more distortions the longer they are in effect. Economists therefore tend to recommend that such direct fiats be reserved for emergency periods and not be squandered on minor peace time situations,

(Samuelson 1981, p. 369)

Some Islamic scholars refer to the following verse of the Holy Qur’an to indicate the origin of the hisbah:

“Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong. They are the ones to attain felicity” (Qur’an, Sura 3, verses 104, 149–50). There are also some supportive hadiths, or traditions of the prophet Mohammed.

According to Lowry,

It is true that the Greeks failed to notice the invisible hand of the market and instead, approach efficiency, distribution, economic organization, and individual and public utility from ethical, jurisprudential and ultimately, administrative perspectives. This approach to economic questions was in fact the dominant one throughout most of recorded human history, with market-oriented economic analysis a very recent development.

Further, “The ascendance of the view of the market” operating

like any physical system without human interference has tended to obscure the earlier administrative tradition of the political economy followed from ancient Greek times through the Middle Ages to Adam Smith, in which man himself was the manipulator and regulator, the administrator of his economic affairs.

(Lowry 1987, pp. 249, 250)

Indeed, Ibn Taimiyah’s hisbah, though more comprehensive than its antecedents, is part of the administrative tradition that prevailed in medieval Islamic civilization. Lowry further asserts that

Smith’s eclecticism included elements of both systems, his embracing of the nascent market tradition is illustrated by his theory of the invisible hand, while his identification with the administrative tradition is demonstrated by his concern with taxation and trade policy and his view of economics as a branch of jurisprudence.

(ibid., p. 249)

It is interesting to note that the word “aedile” is also an Arabic word, meaning one who practices and enforces justice. However, in the Islamic tradition this term is not known ever to have been used for muhtasib.

Foster quotes a French scholar (E.Lévi-Provençal) to support his argument: “L’institution de la hisba dans l’Islam eut, on le sait, a l’origine, un caractère
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specific moment religieux” (“The origin of the institution of hisba in Islam, it is well known, was specifically religious in character”) (Foster 1970, p. 142).

9 Schumpeter argues that St Thomas Aquinas’ “just price” was really the same as “normal competitive price” (Schumpeter 1954, p. 93). Gordon says the same: “to Aquinas the just price of any commodity is its current market price established in the absence of fraud and monopolistic trading practices” (Gordon 1975, p. 174). And Al-Ghazali had talked in essentially similar terms during the eleventh century—his was the “prevailing price”, one that is determined through market forces, devoid of fraud and deception. Al-Ghazali went on to develop a detailed code of ethics for market behaviour, as did St Thomas Aquinas two hundred years later (see Ghazanfar and Islahi 1990).

10 Incidentally, as with numerous other European scholars (for example, St Thomas Aquinas, Albertus Magnus, Roger Bacon, Adelard of Bath, Dominic Gundisilavi and others) who relied considerably on Arab-Islamic scholarship (especially during the early medieval centuries), Nicholas Oresme was “noted not only for his translation of Aristotle and Ptolemy but also for his original treatises, which embody ideas traceable to the writings of Ibn Sina, Al-Ghazali, and others” (Myers 1964, p. 131).

11 It might be noted here that Schumpeter failed to take notice of some other pre-eighteenth century, late or post-medieval European scholars who, according to Barry Gordon, had offered discussions on the interplay of demand and supply forces—such as John Nider (1380–1438), Louis Molina (1536–1600), Navarrus (1493–1586) and Lessius (1554–1632) (Gordon 1975, pp. 232, 239, 240). However, Gordon himself engages in a mishap similar to Schumpeter’s: his otherwise scholarly volume also completely disregards the contributions of Arab-Islamic scholars (including, of course, Ibn Taimiyah).
The inspiration for the present paper comes primarily from the “Great Gap” thesis propounded by Joseph Schumpeter (1883–1950) in his *magnum opus, History of Economic Analysis* (1954). He argued that “economic analysis begins only with the Greeks”, not to be re-established until the Latin Scholasticism emerged with St Thomas Aquinas (1225–74); the several “blank” centuries within that span represent the “Great Gap” (Schumpeter, 52). An earlier paper by the present author has attempted to refute this thesis, as have a few others. The main argument presently, however, is that the Schumpeterian “gap” thesis has established a stubborn tradition in the history of economic thought literature which, for the sake of doctrinal continuity and objectivity, must be abandoned. A very substantial body of literature on economic issues evolved during the “gap” centuries among the Arab-Islamic precursors of medieval Latin Scholasticism; a review of this literature is beyond the scope of this paper, however (for evidence, see Ghazanfar 1994; Ghazanfar and Islahi 1990, 1991; Essid 1987, 1992; see also Spengler 1964).

A few words about Joseph Alois Schumpeter are appropriate. He figures among the intellectual giants of the twentieth century, especially in the field of economics—perhaps second only to John Maynard Keynes. One author identifies him as a pragmatist in his economic philosophy, an “objective scientific investigator with no particular axe to grind” (Newman et al., 746). His *History of Economic Analysis*, edited after his death by his wife and published in 1954, is a monument to his gigantic achievements, and it remains the *locus classicus* of almost all works in this area.

We begin with a brief description of the Schumpeterian “Great Gap” thesis, along with a few remarks disputing its validity. This will be followed by a discussion of what may be called a “literature gap”, strengthened and perpetuated by the unchallenged acceptance of the Schumpeterian thesis and manifest in almost all relevant works in economics. The “literature gap” argument will be corroborated with a
“survey” of some of the prominent texts in the area of history of economic thought. The paper will conclude with the plea that for the sake of doctrinal continuity as well as objectivity, not only must the Schumpeterian “gap” be rejected but there must be proper recognition of the contributions of medieval Arab-Islamic Scholastics, especially during the “gap” period, whose writings significantly influenced the vast contributions of the Latin Scholastics and others.

The “Great Gap” thesis

In his History, Schumpeter presents “the intellectual efforts that men have made in order to understand economic phenomenon or, which comes to the same thing, the history of the analytic or scientific aspects of economic thought” (Schumpeter, 3). He states that scientific analysis is an incessant struggle with creations of our own and our predecessors’ minds and it progresses, if at all, in a criss-cross fashion, not as logic, but as the impact of new ideas or observations or needs, and also as the bents and temperaments of new men, dictate. Therefore, any treatise that attempts to render the present state of science really renders methods, problems, and results that are historically conditioned.

(Schumpeter, 4)

Schumpeter’s main purpose is “to describe what may be called the process of Filiation of Scientific Ideas… the process by which men’s efforts to understand economic phenomena produce, improve, and pull down analytic structures in an unending sequence”. But, “this filiation of ideas has met with more inhibition in our field”. Thus, he says, the obvious answer is “the study of doctrinal history” (Schumpeter, 6).

Then, after classifying Greek economic thought as being consistent with his definition of science (i.e. in terms of economic orthodoxy whereby, for example, Aquinas’ “just price” is viewed as equivalent to the normal competitive market price (see Schumpeter, 93; see also de Roover)), Schumpeter leaps over to the thirteenth century and chooses St Thomas Aquinas’ Summa Theologica as the key to scientific thought and “the earliest and most important step in methodological criticism taken in Europe after the breakdown of the Graeco Roman world” (Schumpeter, 8). Thus, despite his earlier emphasis on the evolutionary nature of economic thought, subject to “predecessors”, “historical conditioning” and “process of filiation”, now Schumpeter disregards the possibility of almost any developments, economic or otherwise, elsewhere during the intervening period—i.e. between the Greeks and the Latin Scholastics. Later, Schumpeter is more explicit. Before taking up the “classical situation” that emerged with Adam Smith, he attempts to cover
the whole span of the more than 2000 years that extends from the “beginnings” to about twenty years after the publication of the Wealth of Nations. This task is much facilitated by the further fact that, so far as the purposes of history are concerned, many centuries within that span are blanks.

(Schumpeter, 52)

In chapter 2 of part II, Schumpeter begins with a discussion of the “Great Gap”. After a quick glance at the Byzantine and German states and dismissing the possibility of anything “economic” from those sources, he concludes:

So far as our subject is concerned we may safely leap over 500 years to the epoch of St Thomas Aquinas (1225–1274) whose Summa Theologica is in the history of thought what the western spire of the Cathedral of Chartres is in the history of architecture.

(Schumpeter, 74)

The implication here is that for over five hundred years prior to the writings of the Scholastics, nothing of any significance to economics particularly was said or written anywhere else—as though the period of Europe’s Dark Ages was a universal phenomenon and there was a complete lacuna over intellectual evolution throughout the rest of the world.7

However, the critical question is this: if economic analysis began with the Latin Scholastics, how were they able to develop and assimilate such a voluminous body of thought on economic issues (not to speak of other matters of human intellectual evolution) during the thirteenth, fourteenth and early fifteenth centuries? George O’Brien, writing on medieval economics in the 1920s, quotes a contemporary French scholar named Jourdain as saying

that he carefully examined the work of Alcuin, Rabanas Mauras, Scotus Erigenus, Hincmar, Gerbert, St. Anselm and Abelard—the greatest lights of theology and philosophy in the early Middle Ages—without finding a single passage to suggest any of these authors suspected that the pursuit of riches, which they despised, occupied a sufficiently large place in national as well as individual life to offer to the philosopher a subject fruitful in reflections and in results.

(O’Brien, 14).

That is, these pre-Aquinas Latin Scholastics had nothing to say on economic matters; so they can be eliminated as sources of influence on Thomistic economic thought.

Such “irrelevance” of economics in early Christian thought is clearly acknowledged even by Schumpeter. Lamenting on this situation, Schumpeter says:
THE “GREAT GAP” AND THE LITERATURE GAP

Whatever our sociological diagnosis of the mundane aspects of early Christianity may be, it is clear that the Christian church did not aim at social reform in any sense other than that of moral reform of individual behavior...The How and Why of economic mechanisms were then of no interest either to its leaders or to its writers.

(Schumpeter, 72)

However, Schumpeter argues that the thirteenth century is distinguished from the previous era due to the theological-philosophical revolution, which was caused by the resurrection of “Aristotelian thought”. But he dismisses Aristotelian influence as the chief cause of Aquinas’ “towering achievement”. He insists, “I do not assign to the recovery of Aristotle’s writings the role of chief cause of thirteenth century developments. Such developments are never induced by an influence from outside” (Schumpeter, 88).

Now, what was true in Schumpeter’s time, and what has since become even more so, is something amply manifested through research in medieval history: that is, Scholasticism was ecclesiasticism made up of Patristic, Aristotelian, Neoplatonist and Arab-Islamic thought. Schumpeter acknowledges all except the last as the major sources of influence. He seems aware of such an influence, as evident from his brief statement and a footnote concerning “Semitic mediation” through Avicenna (Ibn Sina, 980–1033), Averroes (Ibn Rushd, 1126–98) and Maimonides (Ibn Maimon, 1141–1204) (Schumpeter, 87). Beyond this, however, Schumpeter chose not to explore. In the words of Bernardelli, who, incidentally, points out a similar, but historically minor “mishap” in Schumpeter’s History, such an attitude is “all the more disappointing”, as Schumpeter “must have been well aware of the fascinating process of cultural diffusion” between the Arab world and the West; and by restricting himself to Europe, Schumpeter “grossly underestimated the richness in analytical content of the Mesopotamian contributions” (Bernardelli, 320).

Clearly, the reason for Schumpeter’s omission could not be the lack of availability of the works of Arab-Islamic scholars. For almost a century prior to Schumpeter’s time, a plethora of those volumes was available in all major European languages (with which Schumpeter was familiar), and these works showed that of all the medieval scholars mentioned by Schumpeter, there was none that had not been influenced by Arab-Islamic scholars’ writings. The names cited by Schumpeter are: Robert Grosseteste, Alexander of Hales, Albertus Magnus, St Thomas Aquinas, St Bonaventura, Duns Scotus, Roger Bacon, Marsilius of Padna, Richard of Middleton, Nicholas Oresme and Joannes Buridanus; but there are others who were similarly influenced—for example, Siger of Brabant, John Peckham, Henry of Gant, William of Occam, Walter Burley and William of Auvergne (for further evidence, see Afnan; Callus; Copelston; Crombie; Durant; Hammond; Harris; Leff; Myers; Sarton; Sharif; Sheikh). Surely, the possibility of this influence should have made...
Schumpeter a bit tentative in insisting on the “discontinuity” in intellectual evolution, even if he was reluctant to acknowledge the possibility of Arab-Islamic Scholastics’ impact on Latin economic thought, and even if these scholars were to be viewed simply as “commentators” or “transmitters” of Greek thought.

Whatever might have been Schumpeter’s motivation for disregarding the influence of Arab-Islamic scholars, the results have been most unfortunate for the history of economic thought. Even when one’s focus is on the history of Western economic thought, surely the influence of Arab-Islamic contributions is very much part of the Western tradition. The fact that his book became a classic helped to perpetuate the “blind spot” in economics. Any attempt at extracting the economic thought of Aquinas, as Schumpeter did, must lead one to consult his *Opera Omnia, Summa Theologica,* and *Summa contra Gentiles,* and one cannot do so without seeing some references to Arab-Islamic scholars, such as Al-Farabi (Alfarabus, d. 950), Ibn Sina (Avicenna, 980–1033), Al-Ghazali (Algazel, 1058–1111) and Ibn Rushd (Averroes, 1126–98)—and, indeed, an Arab-Jewish Scholastic, Moses Ben Maimon (Maimonides, 1141–1204).

Notwithstanding the foregoing, however, there are a few scholars of medieval history who would reject the Schumpeterian “Great Gap” as patently absurd:

1 “No historical student of the culture of Western Europe can ever reconstruct for himself the intellectual values of the later Middle Ages unless he possesses a vivid awareness of Islam looming in the background” (Butler, 63).

2 “The fact that Aquinas derived ideas and stimulus from a variety of sources tends to suggest both that he was an eclectic and that he was lacking in originality…In other words, the more we know about Aristotle and about Islamic and Jewish philosophy, as also of course about previous Christian thought, the more we may be inclined to wonder what, if anything, is peculiar to Aquinas himself” (Copelston, 181).

3 “In the 12th and 13th centuries, the first period of European impingement, Arabic philosophical writings exerted a significant stimulative influence on the great synthesis of Christian Aristotelianism by St. Albert the Great and St. Thomas Aquinas…[T]his influence has not only been extensive and profound, but relatively continuous and astonishingly diversified” (Rescher, 156–7).

4 “The Arab has left his intellectual impress on Europe, as, before long, Christendom will have to confess; he has indelibly written it on the heavens, as anyone may see who reads the names of the stars on a common celestial globe” (Draper, vol. 2,42).

It is to be noted that it is the comprehensive and diversity of this kind of influence of Arab-Islamic knowledge upon medieval Europe which have
inspired books such as Haskins’ *The Renaissance of the Twelfth Century* (1927), as well as many others (see Bibliography).

**The “lost” legacy and the perpetuation of a tradition**

While encounters with pre-Aquinas, medieval Arab-Islamic Scholastics are unavoidable when consulting the works of Latin Scholastics and exploring the writings of early European scholars, invariably such encounters failed to arouse scholarly curiosity on the part of Schumpeter and others who preceded and succeeded him—especially in reference to medieval economic thought.10

Even Jacob Viner, proclaimed by Blaug as the “greatest historian of economic thought who ever lived”, unhesitatingly accepts the “gap” thesis (Blaug, quoted in Irwin, 3). In a posthumous volume, edited by Douglas Irwin, entitled *Essays on the Intellectual History of Economics*, Viner’s review essay on Schumpeter’s *History* simply accepts the “gap” and acknowledges Schumpeter’s claim of accounting for “every writer who made a significant contribution to the development of economic theory” (Irwin, 327). Whatever Viner’s reasons, he, like Schumpeter, also ignores the Arab-Islamic contributions to economics during the “blank” centuries. In another set of essays entitled *Religious Thought and Economic Society* (also published posthumously in 1978), Viner explores the original texts of Latin Scholastics. His first chapter is devoted to the early Christian Fathers, and the second chapter covers the economic doctrines of the Scholastics from the late Middle Ages to the end of the sixteenth century. Again, the intervening period is assumed as one of a universal Dark Age. Further, it comes as a surprise to someone a bit familiar with the links between Arab-Islamic Scholastics and their Latin counterparts that a scholar of Viner’s stature can unequivocally declare that:

> From the thirteenth century on, after the discovery of Aristotle in the Western world, and especially after the absorption of Aristotelian teaching by Albert the Great and St. Thomas Aquinas, Christian moral theology became a tremendous synthesis of biblical teaching, church tradition, Greek philosophy, Roman and Canon Law, and the wisdom and insights of the Scholastics themselves. (Viner 1978, 48)

Yet, another eminent scholar of medieval history is bold enough to assert that “Without the influence of Arabian Peripateticism the theology of Aquinas is as unthinkable as his philosophy” (Harris, 40). And there are many other scholars who offer similar observations.

Thus eminent recent scholars such as Schumpeter and Viner, but especially the former, strengthened and perpetuated a tradition that, unfortunately, was already well entrenched in the literature: a denial of history—at least the history of economic ideas—to the Arab-Islamic world. There is hardly any book, beginning with William J. Ashly’s *An Introduction to the English*
Economic History and Theory (originally published in 1888), which does not reflect Schumpeter’s “gap” mishap, punctuated only by a rare reference or footnote to Arab-Islamic scholarship during the “blank” centuries. Ashly devoted twenty-five pages to medieval economic thought. There is not a single reference to Arab-Islamic writers, even though Ashly must have noticed numerous citations of Arab names in Aquinas’ works. Only once, when discussing the Arabs’ favourable attitude toward individual property rights, Ashly refers to the “self-seeking of pagans”, presumably borrowing from the Crusaders, alluding to the Arab-Islamic people (Ashly, 128). Ashly also talks of contacts with the “active commerce of the Mediterranean” (Ashly, 131). While he does not identify those “activists”, obviously they were primarily the Arab traders, whose newly revealed Islamic faith not only rejected asceticism, but endorsed individualism, private property and encouraged commerce and worldly gains—almost revolutionary notions at the time, which had a profound impact in stimulating the European Renaissance.12

We can further verify this persistent “gap” tradition in more concrete terms. While many scholars have written comprehensive volumes on economic thought, a relatively more abundant literature seems to have been inspired by the Schumpeterian classic. In general, however, while one finds an occasional reference or a footnote to the Arab-Islamic writings, such citations never provide any details as to the content or mediational links of Arab-Islamic thought between the Greeks and the Latins. Despite claims of being “comprehensive” and “international in scope”, invariably their volumes tended to be Eurocentric, with hardly any recognition of the fact that the European Enlightenment, in all its manifestations and dimensions (including economics), relied heavily on Arab-Islamic Scholastics’ original contributions, as well as their commentaries and interpretations of the Greek sages whose reservoir of knowledge was rediscovered by Nestorian Christians in ninth-century Syria. The “literature gap” manifests itself in all contemporary writings on the history of economic thought; the tradition is conspicuously self-evident.

We can briefly document the evidence by examining a few “representative” books in the field of history of economic thought, some of which are well-known textbooks or readings volumes. We approach this discussion by examining some prominent early post-Second World War writings (some are rather durable classics, almost as prominent as Schumpeter’s History), as well as a few more recent books. It might be noted that the Schumpeterian tradition is further strengthened and perpetuated in more recent works by the fact that their authors (including the author of this paper) have themselves been “trained” in that tradition! That tradition having become deeply entrenched in the literature and accepted simply as “given”, who would want to challenge it—even though curiosity captivates some? Let’s look at the evidence; the “gap” tradition is endemic throughout the literature. We shall do so by examining (almost randomly selected) five well-known classics and
three contemporary undergraduate textbooks:

1. About the most widely read early post-Second World War text has been Eric Roll’s *A History of Economic Thought* (originally published in 1956), and it fully reflects the Schumpeterian “gap”—there is not a single reference to any of the Arab-Islamic precursors of the Latin Scholastics, nor any mention of the vast contacts between Islamic Spain and medieval Europe for over eight hundred years which facilitated the emergence of numerous economic institutions and ideas in Europe.

2. In 1954, Newman *et al.* edited an excellent book of readings which also included some excerpts from Schumpeter’s writings, though the latter’s *History* had not appeared yet. In introducing medieval economic thought, they mention that the Middle Ages cover the period from about 500AD to the middle of the fifteenth century. The editors are intrigued and curious, in that “it is inconceivable that there was no ‘economic thought’ over so many years—even in the so-called Dark Ages” (Newman *et al.*, 15). Yet, they do not explore the “inconceivable”; the “gap” is accepted as a given and, after discussing the Greeks, they begin with the Latin Scholastics—and the “gap” persists.

3. In 1960, Spengler and Allen edited an excellent collection of papers, *Essays in Economic Thought: Aristotle to Marshall*. In their introduction, they group the literature on economic thought into five groups—one being “Between the fall of the Roman Empire and the late Middle Ages, [when] major emphasis was placed upon other-worldly objectives; material ends...were not stressed” (5). Surely, that emphasis might have been true of Latin Europe, but one cannot be so categorical about the rest of the world—certainly not the Arab-Islamic world, which produced during those centuries not only voluminous literature (economic issues included), but also emphasized commerce and material pursuits as fully consistent with one’s “calling”. Further, in another essay in this volume, the editors talk of the problem of economic order and suggest that it received “greater attention from the medieval scholastics than from Augustine”—that is, from about the fourth century to the thirteenth century when Aquinas (1224–75) appeared on the scene, no one else anywhere, except Augustine (354–430) and Aquinas, addressed the problem of economic order; the Dark Ages are simply assumed as a universal phenomenon. However, almost precisely during this period, the Arab-Islamic writers were generating their volumes which, among other things, also had a great deal to say about the “problem of economic order”.

4. In 1964, Henry Spiegel edited a volume on the subject, which covers “Aristotle down to the present” and is intended to be “international in scope” (Spiegel, ix). Such claims are belied when one glances at the book’s table of contents. Further, while introducing Richard Tawney’s essay on medieval economic thought, Spiegel says this “thought is in-
spired by ethics, and reflects the doctrines of Aristotle as well as the Hebrew-Christian tradition” (Spiegel, 16). There is no mention of the intervening Arab-Islamic tradition which influenced the Latin schoolmen, especially Aquinas, but also his teacher Albertus Magnus (1193–1280) and other churchmen. The same “gap” exists, of course, in Tawney’s essay.

5 There is also Henry Spiegel’s well known 842-page classic, The Growth of Economic Thought, first published in 1971, with a recent edition in 1983, and about as encyclopedic as Schumpeter’s, in which the “story of pre-classical economics” is told at some length. However, there is not the slightest hint anywhere as to the Arab-Islamic chapters of the story, nor of any intervening Arab links that connected the Greeks and the thirteenth-century Latin schoolmen. Spiegel talks of the “medieval clergy as having preserved the light of learning in the Dark Ages”, not bothering to mention that this light was ignited significantly through contacts with the Arab-Islamic philosophers—and even some Jewish scholars.

6 The fifth edition of a well-known and durable textbook by Ingrid H. Rima, originally published in 1967 and entitled Development of Economic Analysis, appeared in 1991. It is intended to be a comprehensive text, starting with Greek-Roman economic thought and ending with the Chicago School and the radical economics of the 1970s and 1980s. The author provides a detailed flowchart of pre-classical economics—not surprisingly, the Arab-Islamic link is missing. Further, Rima provides a listing of “some important publication dates” relevant to pre-classical economic literature. After listing Aristotle’s Politics and The Nicomachaen Ethics (around 300BC), she leaps over to Aquinas’ Summa Theologica, with nothing assumed to have been written or published that was relevant to economics by anyone anywhere during the intervening period; the “gap” is well entrenched. In the first two to three chapters, the author makes frequent references to certain Hindu, Chinese and Hebrew traditions—without a word about the Arab-Islamic tradition which so powerfully affected medieval Europe.

Rima also talks about the medieval churchmen’s attempt to “reconcile the scholarship of the ancients with their own Christian ideology”—not recognizing that such reconciliation had been thoroughly debated by pre-Aquinas Arab-Islamic Scholastics from whom the Latins, especially Aquinas, heavily borrowed and for the same purpose; this is evident, for example, from numerous footnotes in Aquinas’ Summa Theologica. Names of Arab-Islamic scholars such as Ibn Sina (Avicenna, 980–1033), Ibn Rushd (Averroes, 1126–98) and Al-Ghazali (Algazel, 1058–1111) come readily to mind. Rima talks of the “revival of commerce”, “emergence of new forms of wealth”, “time of skepticism”, “introduction of new and exotic commodities”, “commercial movements between the 11th and 16th centuries”, “European Renaissance”, and so forth (Rima 1991, 24). Further, in her 1967 edition, Rima states that
“Usually the beginning of the Renaissance is placed at the time of the fall of Constantinople in 1453, though many of the events of the eleventh and twelfth centuries heralded the changes that reached their fuller development in later centuries” (Rima 1967, 8). The readers are left wondering as to how those eleventh- and twelfth-century events evolved. The author ignores, perhaps quite benignly, the fact that those developments evolved most significantly through contacts with the Arab-Islamic civilization in the Mediterranean region. While some inquisitive readers might wish to explore, most, however, will find it expedient to simply accept the printed word, and thus internalize the tradition of the “gap”.

Another well-known recent text is A History of Economic Theory and Method, by Robert Ekelund and Robert Hebert, first published in 1975 and the third edition published in 1990. The book is intended to offer an “indepth survey of the complete [authors’ emphasis] range of economic ideas from ancient times to the present...sufficient to demonstrate the remarkable continuity of economic thought through the ages”. Further, “the student who mastered the contents of this book will understand how past analytic contributions, both those that successfully entered mainstream economics and those that did not, have shaped contemporary economic theory” (1990, xiii). Clearly, these claims by the authors are a bit exaggerated, though entirely consistent with the Schumpeterian tradition. The “indepth survey” is neither deep nor complete, nor is there the continuity. Indeed, none of this is possible without some coverage of the economic thought of the Arab-Islamic Scholastics and its links with the Latins—unless one simply chooses, however benignly, to ignore those contributions. And, therefore, the authors’ claim about students becoming familiar with past contributions, whether mainstream or not, is inappropriate, for there is the usual blind spot in the coverage. Surely the students themselves, as future scholars and authors, will have every reason to perpetuate the tradition as well.

The authors are to be commended, however, for providing a brief glimpse of the Arab-Islamic contributions during the “blank” centuries. During 700–1200AD, according to the authors, “Islam led the world in power, organization, and extent of government...while the west was sinking into what the historians commonly call the Dark Ages”. Yet the authors are hesitant and contradictory: the Arabs’ “most significant contribution to the west was the system of numbers”; the Arab who founded the modern theory of optics was an “eccentric”; and “the most important contribution of Arab culture was its reintroduction of Aristotle to the west”. Further, the authors insist, about all that the European scholars translated from Arabic into Latin were the ancient (Greek) classics—and no more! They are oblivious to the enormous evidence as to the multifarious, comprehensive nature of those translations over two to three centuries—called the “age of translation” by one scholar (Myers 1964, 78; see also Butler). The legacy lives and thrives.
Another recent textbook is the History of Economic Theory, by Harry Landreth and David Colander (second edition, 1989; date of the first edition unknown). While their major emphasis is on modern economic thought, the authors begin from about 1200AD; and the pre-classical writers are “conventionally divided into three schools: scholasticism, mercantilism, and physiocracy”. Then they suggest, “In England, the scholastic economic thought derived from feudalism” (21). However, there is no reference to the Arab-Islamic links with the Latins. Further, the authors suggest:

The first writers to provide insight into the functioning of the developing economy of Western Europe were the scholastics, who wrote from the thirteenth into the sixteenth century. The most important of these writers was St. Thomas Aquinas (c. 1225–1274). But the theories of Aquinas and his followers owe a heavy debt to the great Greek thinker Aristotle (384–322BC).

Of course, the authors do not explore whether any intellectual activity might have transpired elsewhere during the intervening centuries; there is no curiosity as to the immediate precursors of the European Scholastics. While the most prominent among them might have been St Thomas Aquinas, it is highly debatable whether “the theories of Aquinas and his followers owe a heavy debt to the great Greek thinker Aristotle”. Even Schumpeter does not think so: “I do not assign to the recovery of Aristotle’s writings the role of chief cause of thirteenth century developments” (Schumpeter, 88). Of course, during the “blank” centuries, between Aristotle and the Latins, was the key Arab-Islamic link, with well-documented evidence. Thus Aquinas’ attempt to overcome the biblical injunctions against “private property” and “private gain” (25) was aided considerably by the contributions of the Arab-Islamic Scholastics (especially Al-Ghazali, 1058–1111; see Ghazanfar and Islahi 1990). Based on Islamic scriptures and their jurisprudential interpretations, the Arab-Islamic writings fervently promoted the idea of private property, trade and commerce, as well as private gain.

Some concluding remarks

Our purpose in this paper has been to point out the endemic legacy of the Schumpeterian “gap” in the literature on the history of economic thought. Indeed, in economics generally—especially medieval economic thought. This
“literature gap” has persisted almost since economics evolved as a separate discipline, but especially so with the appearance of William Ashly’s book, first published in 1888. Since then, the legacy been further strengthened and perpetuated by Joseph Schumpeter’s *History*, in which, despite his own caveats to the contrary, he propounded the “Great Gap” thesis. Thus, according to Schumpeter, the centuries between the Greeks and Latin Aquinas (1224–75), i.e. from about 700–1200AD, were simply “blank” in terms of human enlightenment.16

We have argued briefly here, and in greater detail elsewhere, that not only is the Schumpeterian thesis untenable, but, more importantly, it has persistently nurtured a rather stubborn “literature gap” in the relevant writings. Thus, based on a limited sampling of the current literature, we have tried to document the pervasive “literature gap”. We have examined only eight prominent books in the field (some recent; others not so recent—but classics in terms of their durability and general authenticity). There are numerous other books, old and recent, which have been similarly examined, but they are too numerous to be incorporated in the present paper; besides, the legacy is ubiquitous enough that further documentation seems rather redundant.17

In pointing out the Schumpeterian legacy, a key motivation is our recognition of the voluminous writings on economic issues by Arab-Islamic Scholastics—not merely as part of their larger philosophical discourses, but in some cases even as separate books (see Ghazanfar 1989; Ghazanfar and Islahi 1990, 1992; Essid 1987, 1992; Spengler 1964). These contributions not only influenced European medieval economic thought, but, further, the medieval schoolmen assimilated them in their own writings. Indeed, it is access to this literature (available for centuries in various European languages), along with other sources of transmission, that persuades one to be quite sceptical of the Schumpeterian tradition.

However, it is a matter of intellectual curiosity and bewilderment as to why the Schumpeterian legacy continues to persist, especially since historians of economic thought usually tend to be rather keen to trace precursors for every scholar and every idea. Could the disregard of the Arab-Islamic contributions to economics (and, indeed, to other disciplines) be simply benign neglect—a holdover from past antagonisms, and not a conscious act of prejudice? Perhaps it is an institutionlized phenomenon, reflecting, as one eminent scholar of Arab-European historical connections succinctly describes, “a cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel, *The Arab and Medieval Europe*, 87). Or perhaps the reasons lie in the observations of another scholar of medieval history: “it is an anachronism to project into the Western Middle Ages the contempt for the Near East that has characterized the Occident in more recent centuries” (White, 4). And about the most eminent contemporary European scholar of Arab-Islamic history is even more candid, in that
For our cultural indebtedness to Islam, we Europeans have a blind spot. We sometimes belittle the extent and importance of Islamic influence in our heritage, and sometimes overlook it altogether. For the sake of good relations with Arabs and Muslims we must acknowledge our indebtedness to the full. To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)

Regardless of this, however, even if one grants that, despite evidence to the contrary, there was not much material available during Schumpeter’s time to allow exploration of the medieval intellectual links between the Arab-Islamic Scholastics and the Latin Scholastics, the wealth of evidence available since then no longer absolves economic historians, indeed the profession generally, to allow this lapse in objectivity to persist. The elimination of that lapse would seem to be a key imperative in the vast literature on economic thought, in order to shed any “inhibitions” against which Schumpeter cautioned, so that the discipline truly reflects, as he aptly stated, “an incessant struggle with the creation of our own and our predecessors’ minds” and so that the “filiation” process is carried forward unabated.

Notes

1 This paper first appeared in the *Journal of Islamic Studies* (Oxford) vol. 6, no. 2, 1995; pp. 234–53. It is a revised version of a paper presented at the Western Economic Association International Conference, San Francisco, July 1993. Helpful comments offered by the discussant and other participants, as well as by colleagues at a departmental seminar, have been incorporated and are gratefully acknowledged. Any shortcomings remain the responsibility of the author, however.

2 See Ghazanfar (1991); Bernardelli (1961); Lowry (1987). Lowry (in his *Archeology, XIV*) criticizes Schumpeter for insufficient recognition of the Greek origins of modern economic analysis. Further, it might be pointed out that while in his *Archeology...* Lowry stays with the Schumpeterian tradition, in another edited volume he included an excellent article on Islamic economic thought (see his *Pre-Classical*...). Also, it needs to be acknowledged that, based on personal conversations and communications, Todd Lowry is about the only contemporary eminent scholar of economic thought who is willing to recognize the Arab-Islamic contribution. In a letter to the author, Lowry states “the Medieval Europeans got their Greek economics served on an Islamic plate” (letter of 22 August 1990).

3 Similar arguments, indeed, can be made with respect to other disciplines. In particular, see Rashed; while his arguments are couched in general terms, Arab-Islamic contributions in mathematics are discussed as illustrative.

4 One has to recognize that there must have been prominent contributions from other civilizations and other traditions, which even precede the Schumpeterian “gap” centuries. A specific volume, though controversial for its authenticity, emanates from the Hindu tradition: Kautilya’s *Arthashastra*, from the fourth century BC. Regardless, however, the present argument is that during the “gap” centuries, which also represented the “Golden Age” of Islam, voluminous literature in almost all disciplines, including economics, developed, which, through
transmission, contributed significantly to the early European Renaissance. Indeed, this Renaissance is part of the Judaeo-Christian and Islamic tradition.

Schumpeter’s other important works, *The Theory of Economic Development* (1917) and *Business Cycles* (1939), are in the field of business-cycle theory. Like Wesley Mitchell, Schumpeter believed the study of cycles depended on insights into the entire capitalistic process, a topic he pursued in his *Capitalism, Socialism and Democracy* (1942).

To be sure, also present during these “gap” centuries was the particular influence of an Arab-Jewish scholastic, Moses Ben Maimon (1141–1204), known as Maimonides, “the product of that radiant interlude in history, the Golden Age of Moorish Spain…where Arab (Islamic) and Jewish scholars with their new knowledge of Hellenism influenced the course of medieval and modern intellectual history” (Bratton, vii). It might be noted that the influence upon Maimonides of his “Moorish” contemporaries, especially Al-Ghazali, is well recognized; both challenged the surrounding excessive “Aristotelianism” (see Myers 1964, 42–3; Farsi, 156; Sharif, 1360–2; and others). As to Maimonides’ economic thought, see Baron, ch. 6, pp. 128–264.

On the contrary, ‘Between the middle of the eighth and beginning of the thirteenth centuries, as we have noted before, the Arabic-speaking peoples were the main bearers of the torch of culture and civilization throughout the world, the medium through which ancient science and philosophy were recovered, supplemented and transmitted to make possible the renaissance of Western Europe’ (Hitti, 146). Further, the way in which this grand medium stimulated economic activity and material progress in Europe and laid the roots for North America’s advancement is eloquently argued by Henry Weaver in *The Mainspring of Human Progress*.

There are several “pre-Schumpeter” publications in French, German, English and Spanish which abundantly document such an influence. See, for example, Forget (1894), Hammond (1947), Mehren (1890), Palacios (1935), Plessner (1928), Renan (1938), Wensinck (1940), and others.

Briefly, among the various sources of transmission, at least six:

1. travel by European scholars (for example, Constantine the African, Adelard of Bath, and others) to Arab countries;
2. students from various European countries attending Muslim seminaries to study mathematics, philosophy, medicine, etc., and then upon return, adding to the faculties of first Western universities established after the pattern of Muslim seminaries (see Sharif, 1367);
3. mass translations of Arab-Islamic works from the eleventh through the fourteenth centuries (the “age of translations”, (Myers 1964, 78));
4. oral transmission between Muslims and Christians over some eight or more centuries, providing cultural interaction and continuity (see Chejne, 120);
5. contacts through trade and commerce; and
6. cultural diffusion of institutions and practices (including economic) (for details, see Ghazanfar 1990).

One can extend Schumpeter the benefit of the doubt and argue in his defence as follows: his disregard of the Arab-Islamic contributions might have been simply “benign neglect”—a sign of the times, that is, not a conscious act of prejudice, but merely an “institutionalized” phenomenon; or, he was unaware of the Arab-Islamic contributions; or he might have felt it unnecessary to explore or cite any Arab-Islamic writings, for his expected audience was the Western reader. Still, however, his omission is striking, for
he spent some of his early years working for the Egyptian monarchy, and later he was close to one of the world’s best equipped libraries at Harvard University.

In the present context, however, it is useful to share some views conveyed to the author by some eminent economists who knew Schumpeter well:

1 Mark Perlman (University of Pittsburg), in a letter of 18 June 1990, says: “He was a strange man, and in spite of what his numerous admirers think, implemented his personal prejudices unfortunately.”

2 E. Streissler (Institut Für Wirtschaftswissenschaften der Universität Wien, Austria), letter of 1 June 1990: “He was not a scholar with an open mind...a more appropriate title of the famous 1954 book would thus be ‘Joseph Schumpeter’s Selected Thoughts about History’, and it is a pity that its influence is so pervasive.”

3 Kurt W. Rothschild (University of Linz, Austria), letter of 14 June 1990: “Altogether it is not quite so surprising that Schumpeter missed the importance of Arab contributions...So the ‘Great Gap’ slipped in just because the Arab scholars are neglected in almost all works on economic doctrines. Thus, for instance, the huge 17-volume Encyclopedia of Social Sciences (of 1968) does not refer to the work of the Arab scholars which you mention. The main trouble seems to be the extremely Euro-USA-centered outlook and traditions of the ‘Western’ culture.”

Or Schumpeter could simply be reflecting Watt’s sentiments, when, in introducing his book, the latter says, ‘the difficulty is that we are the heirs of a deep-seated religious prejudice which goes back to the “war propaganda” of medieval times.’ Watt also emphasizes the influence of Western scholars’ own cultural and intellectual heritage, by adding, ‘yet we should and ends with Thorstein Veblen; Barber (1967)—begins specifically with the Classicals; Johnson (1937)—covers only the British predecessors of Adam Smith; Marshall and Marshall (1968)—begins with Adam Smith; and Taylor (1960)—begins with Quesnay and ends with Keynes.

14 Some other comprehensive books, not examined in this paper, may be identified: see Bell; Blaug; Boardman; Haney; Ingram; Lewis; Olser; Whittaker, and others.

15 It must be pointed out that four years after his co-edited book, Spengler wrote an excellent paper on the economic thought of an Arab-Islamic scholar, Ibn Khaldun (1332–1404AD), and while referring to the Arab-Islamic literature of the era, he concluded that “the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings to those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge” (Spengler 1964, 304). Spengler is quite right, for it is possible to identify at least thirty-five Arab-Islamic Scholastics prior to Ibn Khaldun who wrote on economic matters, Al-Ghazali being one of the most prominent; and their writings have been available in Europe for centuries.
While the present paper criticizes the tradition perpetuated by the Schumpeterian “gap”, it is instructive to note that even scholars who otherwise question the Schumpeterian premise continue to engage in similar mishaps—again perhaps quite benignly. Thus, Otto Langholm says:

there is no longer any excuse for a practice which has confounded the study of medieval economics since its inception more than a century ago, namely that of basing the most sweeping historical generalizations on a few familiar names, with no regard for the context and continuity; even the best text books in the field skip and jump from one century to the next, in and out of different traditions.

(Langholm 1979, 6)

Yet Langholm’s writings keep the Schumpeterian tradition quite alive.

Further evidence of the tradition’s persistence comes from a review of the reading lists for courses on economic thought offered at major colleges and universities in the United States; see Tower (1990). Also, for similar evidence, see Venkateswarlu (1989).
UNDERSTANDING THE MARKET MECHANISM BEFORE ADAM SMITH

Economic thought in medieval Islam

Hamid Hosseini

Introduction

Although economic science is not more than some two centuries old, discussion and analysis of economic matters has existed for a very long time. Roman A. Ohrenstein and Barry Gordon, who have attempted to outline the understanding of economic processes in Talmudic literature, explain the contributions of various civilizations to the history of economic thought as follows:

Economics, as we know it today, began to take shape in Europe during the eighteenth century. Yet, economic analysis has a much longer lineage. Such analysis may be found in the writings of the ancient Greek philosophers, Islamic scholars, medieval schoolmen, and the Mercantilists of the sixteenth and seventeenth centuries. The literature of ancient China, as well as that of India, also provides instances.

Medieval Islamic scholars in particular made important contributions in the field of political economy in their ayeneha (“mirrors for princes”) and their philosophic, theological, and ethical writings. Their understanding of the market mechanism was particularly substantial.

It is possible to argue that Islamic scholarship, itself inspired by Greek philosophy and Islamic ethics, inspired and influenced Scholastic writings in Europe. According to Karl Pribram, the Scholastics “derived their intellectual armoury from the works of Arab (and other Muslim) philosophers” (Pribram 1983, 21). Will Durant discusses the tremendous impact of Islamic-Aristotelian rationalism on medieval Europe, triggering alarmist concerns about the “threat of the liquidation of Christian Theology”, and inspiring St Thomas Aquinas to write Summa Theologica. Aquinas was inspired by Muslim theologian-philosopher Abu Hamed Ghazali; he was also influenced by Ibn Sina, Ibn
Roshd, and other Muslim philosophers (Durant 1950, 954–8). Ghazanfar (1993, 20–1) discusses six ways in which Islamic knowledge was transmitted to Western Europe: numerous Christian scholars travelling to the Muslim world and learning Islamic sciences during the eleventh and twelfth centuries; European students attending Muslim universities from the eleventh to the fourteenth centuries; extensive translation of Arabic writings to Latin; oral transmission; transmission of economic knowledge through commerce; and the diffusion of economic institutions and processes.

However, while the contributions of Muslim scholars were well recognized by their contemporaries during the Middle Ages, until recently modern Western historians of economic thought have ignored the contributions of medieval Muslim writers in political economy. This neglect is particularly obvious in Joseph Schumpeter’s encyclopedic *History of Economic Analysis*, which is the *locus classicus* of almost all works in the field of history of economic thought. In regard to Schumpeter’s omission, as Ghazanfar argues,

> economic analysis begins only with the Greeks, not to be reestablished until the scholastics emerged with St Thomas Aquinas, the many “blank” centuries within that span represent the Schumpeterian “Great Gap”. This thesis has been deeply entrenched as part of the accepted tradition and is reflected in almost all relevant literature.

(Ghazanfar 1991, 117)

Schumpeter’s analysis has its roots in William Ashly’s book (1888), which also ignored Islamic contributions to political economy. As a result of this foundational interpretation, various later historians of economic thought continued to ignore Islamic contributions, or mention them only in footnotes. For example, Eric Roll’s *History of Economic Thought* (1953) contains not a single reference to Islamic contributions. Henry Spiegel’s edited volume (1964) also contains no reference to Muslim writers. There is no mention of any Islamic contribution in Rima’s *Development of Economic Analysis*. Barry Gordon’s *Economic Analysis before Adam Smith* (1975) does not do justice to Muslim scholars of the medieval period. The same can be said about the books on the subject by Robert Lekachman (1959), Oser and Bruce (1988), and Colander and Landreth (1988).

Because of their contributions to political economy and their links to Greek and Christian Scholastics, medieval Muslim scholars are far too important to be ignored. Their contributions enable us to fill the Schumpeterian gap. In addition, this neglect is simply unbecoming of our profession. Yassine Essid notes that “it is very curious that historians of economic thought, usually so quick to find a deceased precursor for every theorist, have remained silent about the contributions of Arab-Muslim authors” (1992, 39).
More recently, however, historians of economic thought have taken contributions of medieval Muslim writers in the field of political economy more seriously. Examples are Joseph Spengler, Louis Baeck, and Karl Pribram, as well as S.Todd Lowry, whose edited volumes contain essays on the contributions of Muslim scholars during the Middle Ages. Various historians of economic thought with Islamic backgrounds also have tried to demonstrate the contributions of medieval Muslim writers. Included in this group are S.M. Ghazanfar and myself in the United States, M.Yassine Essid in Tunisia, and A.Azim Islahi in India (these writers are to be distinguished from other writers who are proponents of Islamic economics).

The purpose of this paper is to demonstrate that various medieval Muslim scholars had a sophisticated view of the market mechanism derived from various factors: Islam sprang from a mercantile society; commercial activity grew tremendously during the Islamic golden age; Islam placed an emphasis on the economic aspects of life; Islamic nations expanded to include highly cultured Hellenic and Persian territories; and Islam tried to incorporate and internalize Hellenic and Iranian thought (such as Zoroastrianism and Manichaeanism) from its earliest days. Although Islamic scholars commanded a substantial understanding of economic processes and the market, for various reasons they did not create an independent discipline in economics.

I will argue that Muslim scholars during the Middle Ages developed two distinct theories of exchange (trade): one praising wealth for its own sake and a second, an ethical theory, which posits that this world is a preparation for the next. I will analyse the contributions of two Arabic Muslims (Dimishqi and Ibn Taimiyah) and two Persian Muslim writers (Ghazali—or Algazel, as he was known in Europe—and Kay Kavus Ibn Iskandar). These medieval Muslim writers had a thorough understanding of the market mechanism long before the eighteenth century.

Ghazanfar, Essid, and Islahi are correct in emphasizing the earlier neglect of the contributions of Muslim scholars by various historians of economic thought. Yet, in a manner similar to Western writers ignoring Islamic contributions, they view all Muslim writers as Arabs. Thus they fail to appreciate the importance of non-Arab Muslims (primarily Persian-speaking Iranian people) in the building of Islamic civilization, a culture which has always been very diverse, and at its beginning benefited tremendously from the inclusion of Persian and Hellenic civilizations. A great number of Muslim philosophers and writers, whose writings, for obvious reasons, were mostly in Arabic, were Persian speaking (Ibn Sina (known as Avicenna in Europe), Ghazali, Khajeh Nasir Tusi, Fakhr Razi, Abu Ali Mohammad Ibn Miscavieh (known as lb Miscavieh), Asaad Davani, Suhrovardi, and possibly Abu Nasr Farabi). In fact, even today many Muslim theologians of non-Arab countries still publish their theological works in Arabic (including the Ayatollah Khomeini).
The Islamic view of trade and the merchant during the Middle Ages

It is a well-known fact that trade was already important in the pre-Islamic Middle East. The life of the prophet Muhammad, himself a merchant until the birth of Islam as a religion, is testimony to this fact. However, on the eve of the rise of Islam, the importance of the merchant in pre-Islamic Arabia and Persia was obscured for various reasons. In the Arab Middle East, the role of the merchant was occluded by the fact that tribal tradition played a dominant role in deciding social status, and in the Persian Middle East, the Zoroastrian religion held the merchant in contempt. In addition, in contrast to Europe, which viewed trade and the merchant negatively for centuries (effectively until the twelfth century), the rise of Islam in the seventh century elevated the status of trade and the merchant substantially. In fact, the early Islamic position on trade and the role of the merchant could be regarded as revolutionary, yet directly linked to Islam’s anti-ascetic ethic. Islam, from the very beginning, teaches its followers that the path to human salvation does not require withdrawal from the world but rather encourages moderation in worldly affairs. This can be seen in the Qur’an, the hadith (the reported words and acts of the Prophet), and other sources of Islamic teaching. Numerous Qur’anic verses are indicative of this very fact (3:174, 24:22, 62:10, 73:20). In numerous principal texts of the Islamic religion, economic activity and the quest for profit have traditionally been viewed with favour, and trade has been placed on the same footing with jihad (vigorous action in the cause of God). It is a common belief among Muslims that the Prophet praised honest merchants, saying that they will be seated among the prophets at the side of God’s throne on the day of judgment. “Since Islam sprang from a mercantile society and the Prophet himself engaged in commercial exchange, production for a market and trade were pictured in the Qur’an as noble practices and merchants favorably portrayed. The commercial symbolism is even extended to God’s relation with man” (Essid 1988, 78).

The substantial growth of commerce in Islamic societies of the Middle Ages, particularly during the eighth to the thirteenth centuries, bears this out. It is no wonder that Maxime Rodinson wrote that “the capitalist sector was undoubtedly well-developed in a number of aspects, the most obvious being the commercial one. The development of capitalist trade in the Muslim period is a well known fact” (1978, 28).

The economic system in Islamic societies changed in many ways shortly after the death of the Prophet. Embracing Persian and Hellenic lands and cultures, Islam rapidly evolved into a much more complex and sophisticated economic system. This is reflected in the writings of Muslim scholars active in this period.

Of course, the prohibition against usury (riba) in the Qur’an and other sources of Islamic law definitely posed an obstruction to the development of capitalism. But this prohibition was circumvented by certain devices (such as
certain partnerships and agreements having the appearance of non-interest transactions), and interest-bearing loans existed. The money-lending role was often played by religious minorities, including Jews, Christians, and, to a lesser extent, Zoroastrians. According to Nasser-Khusraw (the Persian poet, essayist, and traveller who lived from 1003 to 1060) there existed some two hundred money-changers in the Iranian city of Isfahan in 1052 (Nasser-Khusraw 1939, 42).

Thus, in contrast to its Christian counterparts during the Middle Ages, Islamic society regarded trade as an honorable profession, and the merchant was a highly respected member of the Islamic community. In fact, the status of trade was raised even further when, as time went on, Muslim governments diverged further and further from the ideal Islamic state (Hosseini, forthcoming).

This high esteem can be seen in an essay written in praise of trade by an early Muslim writer by the name of Jahiz. It is interesting to note that he reminds his readers that the prophet Muhammad was a merchant for a part of his life and that trade was the occupation of the forefathers of the Muslims (including the first convert to Islam, Muhammad’s wife Khadijeh).

Two theories of trade in early Islamic history: the views of Dimishqi and Ghazali

The complex economic and social system that emerged during the first centuries of Islamic history gave rise to various debates among Muslim thinkers. These debates included discussions of economic issues among Muslim jurists, philosophers, ethicists, and writers of “mirrors for princes”. For example, the issue of the naturalness of the market was discussed in great detail in the literature of hisbah (introduced below), and it was debated among Sunni jurists and the followers of the Islamic rationalist school known as the Mutazila (many of whose followers were Shiite). There seemed to exist a long-standing understanding of the market mechanism among Muslims. For example, the prophet Muhammad opposed price regulation. To him, only God has the right to set prices, not civil authorities. “Saying that only God is entitled to set prices is to assert that the market corresponds to God’s will. Thus, from Muhammad’s point of view, the natural regulation of the market corresponds to cosmic regulation” (Essid 1988, 81). The prophet Muhammad opposed coercing merchants to sell at prices that would result in loss on the grounds that such policies would only impoverish the commercial class, destroy the market process, and put an end to trade.

During the early centuries of Islam, Muslim theorists developed two theories of trade. While the first theory praised wealth for its own sake, the second theory (the ethical one) stemmed from the Islamic assumption that for Muslims this world is a preparation for the next. I will discuss Dimishqi’s writings as an example of the first category, and Ghazali as an example of the second.
The writers of the first category seem to have been inspired by two non-Islamic sources, Hellenic philosophy (Platonic, Aristotelian, and neo-Pythagorean) and Persian “mirrors”. Through the Hellenic sources, Muslim philosophers and thinkers became aware of the science of household management as found in Book I of Aristotle’s *Politics*. This influence can be seen in the works of Farabi, Ibn Sina, Tusi, and Davani. Some merchants were inspired by these Hellenic sources as well, and Dimishqi is a very good example. The second influence, the “mirrors for princes”, emphasized the art and practice of government (including its economic requirements), rather than its theory, very much like mercantilist pamphlets in Europe a few centuries later. The first “mirrors” were the works of Ibn Muqaffa, an eighth-century Persian convert from Zoroastrianism, who tried to reconcile the radical views of Kharijis with the “conservative” Persian view of the rights of kings. In spite of their common Persian origins, the mirrors were diverse. Other important mirrors include Jahiz’s *Book of Crown*, written in Arabic during the ninth century, and three eleventh-century Persian mirrors: *Qabus Nameh*, written by Prince Kay Kavus Ibn Iskandar (hereinafter Kay Kavus), *Siasat Nameh*, written by the great theorist-statesman Khajeh Nezam-ul-Muluk, and Ghazali’s book *Nasihat al Muluk*.

Dimishqi, a twelfth-century merchant from Damascus, was among those Muslim writers influenced by Greek sources, particularly by the neo-Pythagorean Bryson of Heraclea. However, I would argue that he was also influenced by the Persian mirrors. In fact, his book, *Kitab al-Ishara ila Mahasin*, can be regarded as the most pointedly economic of the genre, a point also emphasized by Louis Baeck (1993, 13). This book’s chapters deal with the essence of wealth, the excellence of wealth and the need for a medium of exchange (money), the way to test gold, commodities and their prices, bad merchants versus good ones, crafts and industries, advice to merchants, the excellence of trade, three classes of merchants, the administration of wealth, and the need to protect wealth. Dimishqi, in contrast to many other Muslim writers, approves of wealth for its own sake. He sympathizes with merchants and discusses the contribution of the merchant to the common good of the community. He writes: “the wealthy individual is here considered a respected person who deserves people’s esteem because he is rich, not in need, and because he makes good use of his fortune” (quoted in Essid 1988, 41).1

Being a practitioner of economic activity himself, a merchant, Dimishqi was free of theological constraints in his manual and followed the practical tradition of the genre. This worldly approach could be due to the influence of Greek rationalism, because throughout various chapters, Dimishqi remains close to the neo-Pythagorean Bryson. Discussing the duties of three types of merchants (the wholesaler, the travelling merchant, and the exporting merchant), Dimishqi praises trade as an economic activity and demonstrates a thorough understanding of the roles of demand and supply and the uncertainty associated with them:
The wholesaler [Khazzan] is a merchant who buys cheap and sells dear, in other words buys when the goods are abundant and the demand is weak and sells in inverse ratio to that. The temptation to cheat and to make big and unjustified profits is hidden there, and that is the reason why it is necessary to state how risky and uncertain is the merchant's business. Because steady traffic and relative safety of the roads contributes to the growth of trade and fluctuations of prices, the wholesaler must investigate not only the state of the market, but also the distance and danger of the roads as well as the scarcity of wares. The traveling merchant [raqqed] is a merchant who moves with his merchandise from place to place. He has to establish a list of prices anywhere he goes. If he needs to buy something and calculate his profit he should refer to that list, compare the different rates with the different places and add to that the customs duties and the transportation costs.

The exporting merchant's [Mujahhiz] prosperity rests on the good or bad choice of his agents.

(Quoted in Essid 1992, 42)

Thus Dimishqi formulated what modern economics calls price theory. For many medieval Islamic scholars, discussions of price were usually integrated into discussions of retail trade, engaged in by shopkeepers in urban centres. Dimishqi avoided the traditional Islamic debate concerning whether God or man determines price. In other words, although a devoted Muslim, he refrained from theological explanations of price determination. In his price theory, Dimishqi “makes a distinction between normal periods in which market prices are based on cost of production, as opposed to periods of scarcity or oversupply, in which speculators’ drive manifest itself” (Baeck 1993, 13). For Dimishqi, prices were determined by forces a merchant was expected to understand and manipulate if he wanted to prosper.

Following Aristotle, and in the tradition of Persian-inspired mirrors, Dimishqi adhered to the ethic of the golden mean. This explains why he argued that goods have their median prices, to which they tend, as an ideal state. Actual prices may vary from this median according to short-term abundance or scarcity, proximity to the marketplace, or institutional factors that are intrinsic to mercantile activity (local conditions, custom duties, safety of the roads, government control, and disorganization). For Dimishqi, these factors can disrupt the supply-and-demand mechanism and consequently the median price is that price which brings profit to the market without harming the community. Thus it is an optimal and a just price (Essid 1992, 43).

Among the most prominent medieval Islamic writers to advocate an ethical theory of trade was the Persian Sunni theologian Ghazali (1058–1111). Ghazali, who was born in Tus and educated in the Persian cities of Tus,
Nishabour (the birthplace of Omar Khayyam), and Gorgan, taught theology at Nezamieh University in Baghdad (established by his friend Nezam-ul-Mulk, a famous mirror writer and a vizier of one of the Iranian Seljuq kings). After several years, he visited various Arab cities and then returned to teach in Persia. He died in Tus.

Ghazali was a conservative theologian who tried to combine traditional Islamic tenets with rationalism and Sufism. What brought this Sunni jurist to a discussion of politics (and thus to developing an Islamic theory of the caliphate) and economics was an attempt to preserve Islam during a critical time when the institution of the Islamic caliphate was weak and declining, particularly in Persian-speaking territories (the Iranian plateau, where various dynasties had acquired de facto independence from the caliphs in Baghdad). Ghazali wrote some one hundred books on theology, philosophy, and other aspects of Islamic life. While much of his political analysis is present in his mirror, Nasihat al Muluk (in Persian), his economic views, in the main, appeared in his most famous Arabic book Ihya Ulum al-Din and the Persian version Kimiya-e-Saadat (which he regarded as containing the essence of Ihya). Ghazali, who understood economic issues thoroughly, was very much an advocate of Islamic justice and the orderly conduct of the Islamic community and its economy. In the section of Kimiya-e-Saadat that deals with economic issues (entitled “Rules and characteristics of trade”), he discusses:

the excellency and rightness of trade and the conditions which must be fulfilled if transactions are to be valid, the need for equity in transactions, the rightness which lies beyond equity, and the need for the exercise in transactions of the compassion demanded by religion.

(Ghazali 1940, 256; author’s translation)

As an introduction to this section he writes:

This world is only a passing stage on the way to the next one. As human beings, we have the need for food and clothing, which cannot be satisfied unless we hold occupations. We will be doomed if we occupy ourselves only with worldly affairs. It would be desirable if we were occupied only with otherworldly affairs. But moderation requires that we occupy ourselves with both, while accepting the latter as our ultimate goal and the first as the means of achieving it.

(Ghazali 1940, 255; author’s translation)

In this section of Kimiya-e-Saadat, Ghazali lays down seven ethical constraints to be observed by those who engage in trade (in Persian called bazzaris). Essentially these constraints are as follows:
(a) Every morning a man should go to the bazaar merely to obtain sustenance for himself and his family. Having done that, he should go to the worship of God; each man should treat the people with compassion.
(b) He should realize that life is only made possible by a division of labour and cooperation, and he should therefore go to the bazaar with the resolution that the life of the Muslims should be made easier by his efforts. Ghazali also wants against undesirable occupations.
(c) Whoever earns his living in the bazaar should resolve that the commerce of this world should not keep him from caring for the next world and attendance at the mosque.
(d) Man should practice the remembrance of God while in the bazaar.
(e) He should not be unduly eager to make a profit in his transactions.
(f) Whosoever goes to the bazaar to earn a living should resolve to avoid any transactions of a doubtful nature and to refrain from transactions with tyrants or those connected with them.
(g) Whoever would occupy himself with commerce should resolve to be honest in his dealings.

Thus, while emphasizing the importance of otherworldly affairs, “Ghazali considers the development of the economy as part of divinely ordained, socially obligatory duties and he insists upon efficiency in such pursuits, for doing so is part of fulfilling one’s religious duties” (Ghazanfar and Islahi 1990, 382).

In *Ihya*, Ghazali identifies three reasons for the pursuit of economic activities: self-sufficiency, the well-being of one’s family, and assisting others in need. He insists that these are necessary steps to be taken (Ghazali n.d., 2:63, 249). In fact, he identifies the human propensity to accumulate wealth as a natural one:

Man loves to accumulate wealth and possessions of all kinds of property. If he has two valleys of gold, he would want to have a third. Man has high aspirations. He always thinks that the wealth which is enough now may not last, or might get ruined and then he would need more. He tries to overcome these fears by further accumulation. But such fears do not end—even if he has all the possessions of the world.

(quoted in Ghazanfar and Islahi 1990, 384–5)

Thus, for Ghazali, human beings are wealth maximizers.

In *Ihya*, Ghazali recognizes the importance of self-interest, the profit motive, and the market; he theorizes the evolution of markets and voluntary exchange; he understands the existence of various stages of production, the need for division of labour, and linkages among various sectors of the economy; and he even seems to grasp the market failures leading to the Coasian discussions of the role of the firm:
So the farmer needs blacksmiths and carpenters, and they in turn need farmers. Naturally, each will want to satisfy his needs by giving up in exchange a portion of what he possesses. But, it is also possible that when the carpenter wants food in exchange for tools, the farmer does not need the tools. Or, when the farmer needs tools, the carpenter does not need food. So such situations create problems. Therefore, pressures emerge leading to the creation of trading places where various tools can be kept for exchange and also warehouses where farmers’ produce can be stored. Then, customers bring produce to the markets and if they cannot readily sell or exchange what they possess, they sell them at a lower rate to the traders who in turn store the produce and sell to the buyers at a profit. That is true for all kinds of goods. Then, such practices extend to various cities and countries. People travel to different places to obtain tools and food and transport them. People’s economic affairs become organized into cities which may not have all the tools needed and into villages which may not have all the foodstuffs needed. People’s needs and interests necessitates transportation. Then, a class of traders who carry goods from one place to another emerges. The motives behind all of these activities is the accumulation of profits.

(Ghazanfar and Islahi 1990, 386)

Ghazali seems to have understood the laws of demand and supply. He argues that “if the farmer does not get a buyer for produce, then he sells at a very low price” (Ihya, 3:227; Ghazanfar and Islahi 1990, 387). This seems to suggest that, to him, price and quantity supplied are directly related. As Ghazanfar and Islahi argue, in *Ihya*, he was aware of change in demand and the concept of price-elasticity of demand; they say, “his awareness of market forces is evident when, concerning high food prices, he suggests that the price should be induced down by reducing demand, implying leftward shift in the demand curve (Ihya, 3:87)”. He also seems to have some insight into the concept of price elasticity of demand: “a cut in profit margin by price reduction will cause an increase in sales and thus in profits’ (Ihya, 2:80)” (Ghazanfar and Islahi 1990, 387–8).

Ghazali understood that prices are determined by market forces. He makes various references to “prevailing prices” being determined by market practices. The price he is referring to is what others (some other Muslim thinkers as well as Western scholastics) have called “just price”, and which presently is called “equilibrium price” (Ghazanfar and Islahi 1990, 385). In *Kimiya*, on the basis of Islamic laws, Ghazali develops certain ethical guidelines or constraints for price determination. He discusses two general constraints and several specific ones. The specific ones are as follows:
(a) The seller must not praise the commodity being sold beyond what it is worth. Otherwise, it would be deceitful, cruel, and sinful.

(b) The seller must not conceal the defects of the commodity being sold. The seller must be frank, otherwise he is guilty of fraud, cruelty, and sinfulness.

(c) There must not be fraudulent measurement of the quantity of goods being sold.

(d) There must not be fraud in the pricing of goods. The seller must not hide the correct price; it is wrong and sinful to get a price higher than the prevailing one from travellers.

In general, to Ghazali, it is essential that the information conveyed to the buyer is truthful and accurate (1940, 1:273–9).

Kay Kavus on Ibn Iskandar’s understanding of the market mechanism

During the Abbasid rule in Baghdad (750–1258), “mirrors for princes” emerged to explain the practical aspects of politics, economics, and other social institutions. In contrast to Islamic jurists and philosophers, the authors of “mirrors” were not concerned with theoretical considerations. Rather, their aim was to advise rulers, their ministers, and even would-be merchants how best to conduct their affairs. In terms of their economic beliefs, they praised wealth for its own sake, so long as Islamic principles were not being violated.

_Qabus Nameh_ is a book written in Persian by the Persian prince, Kay Kavus, as advice to his son. This book, which consists of forty-four chapters dealing with very different subjects (among them, how to play chess, how to play polo, how to entertain guests, how to govern a nation, how to buy a house, etc.), is an extremely wise and practical account of government, the economy, and society. Of these forty-four chapters, six deal explicitly with economic affairs. Kay Kavus’ economic analysis, like that of Dimishqi, is devoid of theological arguments and rather tends to be very positivistic and impersonal in nature. In his discussion of some of the things a merchant should not do, he warns against doing business with close friends, if the desire is to make a profit.

Kay Kavus demonstrates a thorough understanding of wealth, its importance, its acquisition, and its utility. The six chapters that deal with economic matters definitely give the impression that Kay Kavus praises wealth for its own sake, and that he believes that wealth provides man with utility and should be maximized:

My son, do not be indifferent to the acquisition of wealth, yet do not cast yourself into danger for the sake of it. Assure yourself that everything you acquire shall be the best quality and is likely
He seems to have assumed diminishing marginal utility in the accumulation of wealth. In the chapter dealing with the acquisition of wealth, he argues: “Should your wealth amount to a great matter, set it to a good use and yet with proper control, a little used with circumspection is better than a great quantity extravagantly consumed” (91).

In general, he understood the notion of utility and its maximization. He wrote:

You have not attained completely the happiness and pleasure of worldly riches; indeed, the perfection of pleasure lies in seeing what you have not already seen, eating what you have not hitherto eaten and experiencing what you have not yet experienced.

(16)

As with his views of wealth, Kay Kavus’ view of poverty also differed from the prevailing views of poverty in the medieval Christian West. He wrote:

You must realize that the common run of men have an affection for the rich, without regard to their personal concern, and that they dislike poor men, even when their own interests are not at stake. The reason is that poverty is man’s worst evil and any quality which is to the credit of the wealthy is itself a derogation of the poor.

(92)

At the same time, Kay Kavus is realistic enough to know that poverty will exist. Although he encourages giving alms, he seems also to justify the existence of difference in regard to the ownership of wealth: “God had power, truth to tell, to make all men rich; but in his wisdom he decided that some should be rich and others poor, that rank and honor due to different men might be clearly shown and the more noble be distinguished” (18).

Naturally, emphasizing wealth to the extent that he did and being as pragmatic as he was, Kay Kavus must also have believed in the importance of self-interest: “And never, in anything that you do, lose sight of your own interest—to do so is superfluous folly” (109). But, he is also aware of the limits of self-interest. He states: “But he (the merchant) must also be honest and not seek other people’s loss for his own gain, nor desire to bring other men into misfortune for his own benefit” (157).

Kay Kavus’ economic understanding seems to extend to the market process; he describes the need for both domestic and international trade and the gains
and the benefits they can bring. Some seven centuries before Adam Smith, this Persian writer articulated the benefits that international trade can bring to societies. He writes: “To benefit the inhabitants of the west they import the wealth of the east and for those of the east the wealth of the west, and by so doing become the instrument of the world’s civilization. None of this could be brought about except by commerce” (156)

Kay Kavus was very much aware of the risks of both domestic and international trade and commerce. He says:

Clever men say that the root of commerce is established in venture-someness and its branches in deliberateness…merchants, in the eagerness for gain, bring goods from the east to the west, exposing their lives to peril on mountains and seas, careless of robbers and highwaymen and without fear either of living the life of brutal people or of the insecurity of roads. This means a risking of money, and needs a venturesome, long-sighted man to have the courage to buy goods in little demand on the expectation of increase.

(156)

Because of the complications and problems involved, therefore, Kay Kavus regarded long-distance and international trade as very risky. Interestingly enough, he viewed investment in real estate as rather risk-free. As he states: “An estate, you must understand, represents wealth without risk” (111).

In a modern way, Kay Kavus was also aware that for the market mechanism to function, a legal framework is needed and that laws pertinent to the market must be observed. He also understood the importance of contracts in making transactions. Regarding the legal framework, he writes: “Understand, My son, that whenever you make a purchase, whether it be land, houses or anything else you wish, you must observe the provisions of the law” (109).

Regarding the importance of contracts, he wrote: “If the merchant is handed a letter with the request that it be delivered in such a place, let him read it before accepting it, for many misfortunes may be contained in a sealed letter and one never knows how conditions may be” (160). Elsewhere he writes: “At the time of negotiation, do not forgo bargaining, but once the contract is made, bargain no more” (161).

Long before the eighteenth century, he believed that laws exist explaining commerce (the market) and that these laws are not very accurate. “My son”, he wrote, “although commerce is not an occupation which can with complete accuracy be called a skilled craft, yet properly regarded, it has laws just as the professions have” (156).

Kay Kavus demonstrated his understanding of the forces of demand and supply and their role in price determination. In his positivistic discussions of demand, supply, and price determination, there are only free markets and voluntary exchange. He presents no discussion of price regulation of any sort,
including the Islamic institution of *hisbah*. In his advice to his son as buyer as well as seller, he said: “Further, you must buy when the market is slack and sell when the market is brisk” (109). The chapter titled “The purchase of houses and estates” is quite interesting and modern: “If you wish to buy a house, buy one in a street where prosperous people reside and not on the outskirts. Also look first of all to your neighbors, not closing the bargain until the land has been valued and is free of doubtful qualities” (109–10).

On the role of supplier-producers, Kay Kavus believes that suppliers must be cost-minimizers; he is also aware of the efficiency of large-scale commerce: “A merchant whose capital is small...must never buy with new capital any merchandise of a nature to deprive him of a percentage of profit or which involves him in heavy expenditure” (160). He seems to be aware of the increased efficiency possible with large-scale operations in the following statement: “Be brisk in your buying and selling, trustworthy and honest. Let your commerce be on a large scale” (161). He articulates the need for efficiency again, in reference to production, in his discussion of agriculture and craftsmanship:

If you become a cultivator of the land, make yourself familiar with the due seasons for performing the tasks demanded by agriculture, never letting the time for an essential operation pass by without your having performed it. Keep the implements used in cultivation and tilling in good repair and ready; give orders that good oxen should be brought and well fed, always keeping a yoke of oxen well rested and apart from the others, so that if some disease befalls one of your oxen you will not be behind and with your work and the time for sowing will not pass you by...It is necessary always to be engaged in improving the land in order to make agriculture profitable.

(237)

Kay Kavus was also aware of competition, the impact of low prices and quality on attaining a larger market share, and the importance of (modern) marketing:

If you are a craftsman in the bazaar, whatever your craft, let your work be quick and worthy of praise, so that you may acquire many patrons; and whatever the work you do, let it be better than that of your fellow-craftsmen. Be content with modest profit, for while you sell at eleven a single article which costs you ten, you may sell two at ten-and-a-half a piece. Do not drive customers away by importuning and over-insistence; thus you will gain a livelihood from the practice of your craft and more people will transact business with you. In the course of selling an article, exert yourself to say “My friend”, “My dear sir” or “My brother”, and to make a show of humanity, and with all
your strength restrain yourself from harsh and foul language. By your gentleness the customer will be shamed from bargaining and you will gain your object.

(237–8)

**Ibn Taimiyah: his understanding of the market and its regulation**

Another proponent of the ethical theory of markets in Islamic intellectual history is Tachi al-Dirn Ahmad bin Abd al-Halim, known as Ibn Taimiyah (1263–1328), a Sunni theologian of the Hanbali branch. He was born in the Syrian town of Harran (now in southern Turkey) but spent most of his life in Damascus and Cairo, two very important intellectual and commercial centres after the fall of Baghdad in 1258. Ibn Taimiyah was a very strict Islamic jurist who “sought to cleanse Islam from everything which was, to his mind, incompatible with Islamic Shariah” (Ghazanfar and Islahi 1992, 49). This differentiates his views from those of the more tolerant Ghazali, who had tried to accommodate various movements in his time. In contrast, Ibn Taimiyah, who is regarded as the grandfather of the strict Wahabi sect within the Hanbali branch, opposed the Sufi ideal of a life of seclusion and otherworldliness, and yet also criticized the rationalism in Greek philosophy.

Notwithstanding his religious concerns, Ibn Taimiyah had a thorough understanding of economic forces. He discussed economic issues in great detail and his discussion of them was normative, with extensive positive analysis. His acquired pragmatism had many roots: the demise of the Arab-rulled Islamic empire, culminating in the fall of Baghdad in 1258, and thus ending the traditional institution of the caliphate; his childhood experience witnessing the Mongol invasion of Tus, leading his family to emigrate to Damascus; his awareness of the loss of Mediterranean Islamic territories to the Crusaders; his experience as a soldier fighting against the Mongols in Syria; his imprisonment by the Mamluk sultans in Egypt; his exposure to the tremendous prosperity of Syria and Egypt; and his knowledge of the enormous volume of East-West trade at the time (Lane-Poole 1925, 313). His pragmatism, combined with his interest in the politico-economic administration of the post-Abbasid Islamic society, made his understanding of the economy, particularly those parts pertaining to the market mechanism, quite sophisticated. His views on various economic issues are discussed in *Al-Hisbah fi-Islam* (1976), *Al-Siyasah al-Shariyah fi Islah al Raiwa Rajyah* (1971), and in his religious decrees (collected in the multi-volume *Majmua alFatawa* (1967)).

Ibn Taimiyah discusses various economic issues that have relevance today, even though he wrote in an age when economic science as a separate discipline had not yet emerged. His discussions include the economic systems of barter and money; the right to property ownership; public finance; wealth and poverty; distribution of income; and monopoly, hoarding, and other market
imperfections. But, as an Islamic jurist interested in economics, politics, and Islamic justice, his main concern was the “establishment of a just economic order” (Ghazanfar and Islahi 1992, 60). He writes:

the welfare of the people and the country can be achieved though commanding the good and forbidding the evil. The well-being of the people, their economic well-being, lies in obedience to God and his prophet, which is possible only by enjoying good and forbidding evil.

(Ibn Taimiyah 1971, 89)

Ibn Taimiyah demonstrates rather detailed knowledge of the operations of a voluntary exchange, market economy that naturally evolves among freely acting individuals, motivated by self-interest and mutual necessity—though such environment is conditioned and guided by a divinely inspired code of ethics and moral values.

(Ghazanfar and Islahi 1992, 59)

He was well aware of the forces of demand and supply and their roles in price determination. He believed in an orderly market characterized by honesty, fair play, freedom of choice, and knowledge. In contrast to a prevailing view during his time that high prices necessarily stemmed from unjust use of power on the part of sellers, he writes:

Rise and fall in prices is not always due to an injustice by certain individuals. Sometimes the reason for it is deficiency in production or decline in imports of the goods in demand. Thus, if desire for the goods increases while its availability decreases, its price rises. On the other hand, if availability of the good increases and the desire for it decreases, the price comes down. This scarcity or abundance may not be caused by the action of any individual; it may be due to a cause not involving any injustice, or sometimes, it may have a cause that does not involve injustice.

(Ibn Taimiyah 1967, 8:583)

On the basis of this quotation, Ibn Taimiyah understood the forces of demand and supply, domestic and foreign sources of supply, and changes in supply (which he regards as changes in availability of the good). He also recognizes demand, which he equates with the desire for the product. It is also obvious that he understands what today we call shifts in demand and supply. As Ghazanfar and Islahi also argue, to him, the reasons for price increases may be a decrease in supply or an increase in population (which he calls number of buyers) (Ghazanfar and Islahi 1992, 51).
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In volume 29 of the *Fatawa*, Ibn Taimiyah recognizes other “determinants” of demand and supply and their impact on price determination. He argues:

People’s desire is of different kinds and varies frequently. It varies according to the abundance or scarcity of the good demanded. A good is much more strongly desired when it is scarce than when it is available in abundance...It varies also depending on the number of demanders. If the number of persons demanding a commodity is large, its price goes up as against when their number is small...It is also affected by the strength and weakness of the need for the good and by the extent of the need, how great or small is the need for it. If the need is great and strong, the price will increase to an extent greater than if the need is small and weak.

(quoted in Ghazanfar and Islahi 1992, 52)

Here, he recognizes that price can be influenced by other determinants of demand and supply. These factors, which are also identified by Ghazanfar and Islahi, are intensity and magnitude of demand, relative abundance or scarcity of a good, credit conditions, and discounts for cash payments. According to Ibn Taimiyah, the price of the products varies according to the [customer] with whom exchange is taking place. If he is well-off and trustworthy in paying debts, a smaller price from him is acceptable [to the seller] which [price] would not be acceptable from one known for his insolvency, delay in payments, or refusal of payment due...This is because the purpose of contracts is [reciprocal] possession by the two parties.

(quoted in Ghazanfar and Islahi 1992, 52)

In addition, reflecting the monetary circumstances in Damascus at the time, the price will be influenced by the kind of money paid in exchange; if the currency is in common circulation, the price will be lower. To Ibn Taimiyah, this is because in a contract the objective must be realized.

Although Ibn Taimiyah was an advocate of free markets, he was by no means a believer in an absolute form of an “invisible hand”. He argues, as stated above, that no one should force sellers to sell objects that they are not obliged to sell or restrict them from selling a (religiously) permissible object. To him, the just price, which he calls the compensation equivalent, is a price that is determined by the forces of demand and supply, absent monopoly power. As he argues in *Hisbah*, price controls can be invalid or valid (quoted in Ghazanfar and Islahi 1992, 53). In the same work, he regards the prophet Muhammad’s reported opposition to price control as only a special case: “It was a special case and not a general ruling. It is not in that *badith* [report]
that someone had refrained from selling or doing something which was obligatory, or charged more than the compensation equivalent” (Ibn Taimiyah 1971, 42).

Ibn Taimiyah believed in freedom of entry and exit in the marketplace, and he opposed price controls if they were imposed on the prices of goods which would increase as a result of market forces, such as supply shortages or demand increasing more than supply. However, he supported price controls in times of emergency (war, famine, and so on), or when a monopoly power existed. To him, in a time of emergency, the state must intervene to guarantee a fair price:

> It is for the authority to compel a person to sell his goods at a fair price when people are in need of it. For example, when he has surplus food and people are faced with starvation, he will be forced to sell at a just price.

(Ibn Taimiyah 1976, 24)

The state should also intervene in situations of price discrimination:

> A seller is not allowed to charge a high price, not common in society, to an unaware person but must sell his goods at the customary price or near to it. If a buyer has been charged such an exorbitant price, he has the right to review his business contract. A person known to discriminate in this way should be punished and deprived of the right to enter the market.

(Ibn Taimiyah 1976, 359–60)

The administration and supervision of price controls in medieval Islamic societies (and even up to more recent centuries) took place through the institutional mechanism of hisbah. Of course, hisbah was by no means a strictly economic institution, since it also included moral and spiritual controls on society as well. In fact, classical Persian poetry views this institution negatively because of its strict moral and spiritual controls. For instance, the poetry of Hafiz, the great classical Persian poet, contains numerous negative portrayals of this institution. Ibn Taimiyah explains that the aim of hisbah is “to promote what is good and forbid what is evil” (quoted in Ghazanfar and Islahi 1992, 54).

The muhtasib, the economic morality policeman, was the individual in charge of the institution of hisbah. Among the muhtasib’s responsibilities was market supervision. According to Ibn Taimiyah, these responsibilities are as follows:

> The Muhtasib shall enforce the Friday and other congregational prayers, ensure truthfulness of conduct and behavior, repayment
of deposits; and he shall prevent such evil behavior as telling lies, dishonesty, improper weights and measures, fraud in industries, trades, and religious matters, etc.

(Ibn Taimiyah 1976, 19–20)

Summary and conclusions

The purpose of this article is to demonstrate that medieval Islamic scholars had a thorough understanding of the market mechanism. I argue that in medieval Islamic societies the institution of the market mattered, and that its functions were understood by merchant-practitioners as well as by Islamic jurists, Muslim philosophers, and authors of the “mirrors for princes”. Muslim scholars (particularly Arabic and Persian ones) were more than mere “interpreters” and “translators” of Greek thought. These writers made substantial contributions that, in turn, influenced European scholastics. Various Muslim writers understood the market mechanism rather well, thanks to the mercantile nature of Islamic society and the teachings of Islam (which emphasize a place for temporal affairs, including respect for trade, the merchant, and profit, and which also accepted the influence of both Greek and Persian thought). Medieval Muslim writers developed two theories of trade: one emphasizing wealth for its own sake, and another emphasizing ethical behaviour in the marketplace. To demonstrate this, I have examined four writers, two Arabs (Dimishqi and Ibn Taimiyah) and two Persians (Ghazali and Kay Kavus). Three of these writers lived and wrote several centuries before St Thomas Aquinas. Ibn Taimiyah was a contemporary of St Thomas yet had no knowledge of emerging Scholastic thought in the Christian West. In his religious decrees, he discusses the concepts of just price and just wage. His analysis of what he calls just compensation (relevant when a person is held responsible for causing injuries to the lives or properties of others and used to settle contracts in the event of defects) (1967, 29:520) and just price (which he calls the price of the equivalent), which is “that rate at which people sell their goods and which is commonly accepted for it and for similar goods at that particular time and place” (29:350). In Hisbah, Ibn Taimiyah calls the just price that price which is determined by the forces of demand and supply (1976, 25). The existence of these texts proves that the “Great Gap” thesis in the history of economic thought is patently untenable.

Notes

1 This paper first appeared in History of Political Economy, vol. 27, no. 3, 1995; pp. 539–61. An earlier version of this paper was presented at the Annual Meeting of Allied Social Science Associations in Anaheim, California, in 1993.
2 The name of the geographic area was changed to Iran only in 1935.
3 The hisbah literature began as a collection of juridical advice and opinions on questions of public morality and market behaviour. By the ninth century, it had
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been compiled into handbooks for the use of market officials (*muhtasibs*). The handbooks include the responsibilities of the *muhtasibs*, which were to monitor the sale of the manufactured goods, their condition, and any non-Islamic practices. These “mirrors” were manuals of conduct for rulers and governors, which were inspired by pre-Islamic Persian theories of government.

An early Islamic movement that opposed both Sunnism and Shiism. They wanted to restore an Islamic state based on the strict wording of the Qur’an and the prophet’s traditions. They emphasized that action rather than belief should be the criterion for Islam. They believed that even slaves should be able to be elected as caliphs.

Sufism, or Islamic mysticism, is a movement which emerged in early Islamic history (and continues today) as a reaction to Islamic formalism and materialism. Islam does not believe in the separation of church and state. Following the death of Muhammad in 633, Muslims elected politico-religious leaders known as caliphs. The first four, called *rashedins*, were elected by the elders of their time. After that the institution changed in nature and became dynastic.
INACCURACY OF THE SCHUMPETERIAN “GREAT GAP” THESIS

Economic thought in medieval Iran (Persia)

Hamid Hosseini

Never in any age was any science discovered, but from the beginning of the world wisdom has increased gradually, and it has not been completed as regards this life.

(Roger Bacon)

No historical student of culture of western Europe can ever reconstruct for himself the intellectual values of the later Middle Ages unless he possesses a vivid awareness of Islam looming in the background.

(Pierce Butler)

Introduction

In his classic History of Economic Analysis (1954), Joseph A. Schumpeter proposed that economic analysis begins only with the Greeks and was not reestablished until the rise of European scholasticism in the hands of St Thomas Aquinas (1225–74). This “Great Gap” in economic thought, then, coincides with the Islamic golden age, when various Muslim writers made substantial contributions in various fields of inquiry, including economic matters. The Schumpeterian “Great Gap” thesis has been deeply entrenched as part of the accepted tradition in economics and is reflected in almost all relevant literature in our discipline (Mirakhor 1988; Ghazanfar 1991, 117–18). As a result of this thesis, whose prevalence in economics literature dates long before 1954, Western historians of economic thought have ignored the contributions of medieval Islamic scholars, or at least have reduced them to footnotes (Hosseini 1995). It is no wonder that Islamic contributions to the history of economic thought are ignored in Eric Roll’s A History of Economic Thought (1953), Henry W. Spiegel’s The Growth of Economic Thought (1983), Ingrid Rima’s Development of Economic Analysis (1991), Barry Gordon’s Economic Analysis Before Adam Smith (1975), Robert Lekachman’s A History of Economic Ideas (1959), Jacob Oser and W.C. Blanchfield’s Evolution of Economic Thought
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(1975), and Harry Landreth and David C. Colander’s History of Economic Theory (1989). These writers, “usually quick to find a deceased precursor for every theorist”, have remained silent about the contributions of medieval Muslim writers.

During the last several years, however, various authors inclined to do justice to the contributions that have been neglected by historians of economic thought—among them Yassine Essid (1988), S.M. Ghazanfar (1991), Ghazanfar and Azim Islahi (1990), Hamid Hosseini (1988, 1995), Abbas Mirakhor (1988), Louis Baeck (1993), and Joseph Spengler (1964)—and have taken issue with the “Great Gap” thesis. As these authors have demonstrated, medieval Islamic writers who were influenced by Islamic ethos and Greek and Persian (Iranian) thought did write about economic matters (Mirakhor 1988; Hosseini 1995). Given their contributions and their links to the Greeks, pre-Islamic Persians, and to Christian Scholasticism, medieval Muslim writers are too important to be ignored. The contributions of medieval Muslim writers and this impact on Christian Scholasticism should be regarded as a refutation of the Schumpeterian “Great Gap” thesis.

Among those writers who do acknowledge the contributions of medieval Muslim writers, some assume that medieval Islamic civilization was, essentially, an Arabic civilization. Therefore, they also erroneously view non-Arab medieval Muslim writers (who published part or all of their works in Arabic) as Arabs. Interestingly enough, even non-Arab Muslims, such as Professors Ghazanfar and Islahi, in a manner similar to various Western writers or those adhering to Arab rationalism, have in their writings viewed all medieval Muslim thinkers as Arabs. But Islamic civilization has always consisted of various cultural zones—Arab, Persian, Turkish, and so on. The Arabic cultural zone, which is defined linguistically, is only one (and the first) of these. After all, Islam is a universal religion and as such has always included Arabs and non-Arabs. Thus, in this chapter, the diversity of Islamic civilization (including its intellectuals) will be both assumed and emphasized.

It is worth mentioning that the Arabic language—the language of the Prophet and the Qur’an—became the language of theological debates among Muslims, as well as the language of religious instruction. This is true even today in almost all Muslim countries. After Islam expanded to the Iranian (Persian), Spanish, Berber, and Turkish territories, it also became the Islamic official language and the international language among Muslims. And, after the age of great translations from Greek, Persian, and other languages to Arabic, it also became the language of scientific and philosophic discourse among Muslims (and non-Muslims living in Muslim lands).

Persian-speaking Iranians made great contributions in the formation of Islamic intellectual history. A great portion (and most of the best) of medieval Muslim philosophers, physicians, ethicists, scientists, Islamic jurists, historians, and geographers were Persian-speaking Iranians who, for obvious reasons, chose to write in Arabic. (Of course, one must also mention men such as Rumi, Hafez, Saadi, Ferdousi, Nezami, and Khayyam, who chose to produce
classical Persian poetry and prose and became models for literature in Islamic lands from Anatolia to Indonesia.)

A great many medieval Islamic contributions to economic analysis, I will argue, were made by Persian-speaking Iranian writers: philosophers, ethicists, scientists, theologians, and the writers of “mirrors for princes”. This is a point neglected by most of the above-mentioned writers, or at least it is not sufficiently emphasized by them. To demonstrate the contributions of medieval Persian writers to economic thought, I will discuss a variety of literature written by Persians. My list includes two eleventh-century mirrors (written in Persian) by Kay Kavus, *Qabus Nameh* (1951), and Nezam-al-Mulk, *Siasat Nameh* (1960), respectively; a book on India by Alberuni (973–1048), who was a famous Persian scientist and geographer and wrote in Persian; Farabi (873–950), who prepared *The Good City* (1982, written in Arabic); Ibn Sina (980–1037), also known as Avicenna, who wrote *Household Management* (1940: *Tadbir Manzel*); Ghazali (1057–1111), the author of both the *Ihya Ulum al-Din* (n.d., written in Arabic) and *Kimiya-e-Saadat* (1940, written in Persian); and three separate books on ethics by Ibn Miskaway (b. 1030; written in Arabic), Nasir Tusi (1201–74; written in Persian), and Asaad Davani (b. 1444; written in Persian), entitled *Tahdhib al-Akhlaq*, *The Nasirean Ethics*, and *The Akhlaq-e-Jalali*, respectively.

I shall demonstrate that these Persian writers, influenced by the Islamic ethos, some measure of Greek rationalism, and Iranian ethico-realism, were able to understand and to a remarkable degree analyse the economic realities of their age. The contributions of these writers were substantial, and in many ways their discussions and economic assumptions sound quite modern. Of course, because economics had not yet become an independent discipline (although there existed a few pamphlets devoted solely to the discussions of economic issues), the medieval economic discussions are typically mixed with ethical, theological, and philosophical arguments.

Medieval Persian scholars (as well as Arab scholars) produced two distinct views of wealth and economic activity. The first view holds that wealth accumulation and economic activity are for their own sake—a secular point of view. The second view holds that wealth accumulation and economic activity are to be regarded as only a means for human salvation and a necessity for the preservation of Islam (Hosseini 1995). However, both views must be distinguished from those of (Persian) Sufi (mystic) Muslims, which did not favour wealth accumulation and economic activity at all. The Persian writers discussed here understood the economic process well, as demonstrated by their views on the evolution and efficiency of division of labour, the evolution and functioning of the market, the evolution and functions of money, productive activity and its efficiency, and the “Malthusian” theory of population.
ECONOMIC THOUGHT IN MEDIEVAL PERSIA

Islam, economic activity, and the history of economic analysis

Economic science, as we know it today, began to take shape in Western Europe during the eighteenth century. The dawning of the Renaissance in Europe unleashed various forces that were ultimately to provide the climate and the necessary instruments for the development of economics as a separate and independent discipline. Secularism, a new religious scepticism, the attempt to de-emphasize God in worldly affairs, and the new emphasis on the scientific method paved the way for the rise of economics as an independent and secular science in a new and rather materialistic world. Economics emerged as a separate discipline in the eighteenth century. However, economic analysis had a much longer lineage. Many cultures and civilizations produced, prior to the eighteenth century, at least some works on economic activity: the Greeks in their classical age, the Muslims of the medieval period, medieval Christian Scholastics, the mercantilists of the sixteenth and seventeenth centuries, and to some extent ancient Chinese and Indian scholars as well (Ohrenstein and Gordon 1992, Preface).

As stated before, medieval Muslim scholars, in particular, made important contributions to the field of political economy. Muslim thinkers of that age, in the “mirrors for princes” and other practical pamphlets, and in their philosophic, ethical, theological, and even literary writings, demonstrated a substantial knowledge of economic analysis. These writers often demonstrated an awareness of the ways economic agents (such as producers, consumers, etc.) and institutions (that is, markets and governments) behaved. To the surprise of those who adhere to the Schumpeterian “Great Gap” thesis, these writers discussed the evolution and the efficiency of division of labour, the evolution and functions of markets and the roles of demand and supply, the roles and origin of money, the portfolio management theory, the function of the state, and a population theory similar to the one adhered to by Thomas Malthus.

Given the mercantile roots of Islamic religion, the rationalism Islamic civilization inherited from the Greeks, the degree of intellectual sophistication of Muslim scholars, and the complexity of the economic situation of the Islamic society, the extent of economic understanding should not be surprising at all.

It can be argued that an appreciation of economic activity has never been something that Muslims shy away from (perhaps with the exception of Sufis). The Qur’an and hadith (the reported words and deeds of the Prophet for all Muslims, and those of the Imams also for the Shiites) are anti-ascetic: these writings advocated moderation in worldly affairs and emphasized that human salvation does not imply withdrawal from worldly activities (Hosseini 1988). In fact, Islam sprang from a mercantile society, the prophet Muhammad engaged in commercial exchange up until the age of 40 (when he claimed revelation), production and trade are pictured in the Qur’an and hadith as noble practices, and merchants are favourably portrayed (Essid 1988, 78). In the words of Sami Zubaida,
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It is not difficult to show that the Qur’an and Hadith contain many passages which sanction and encourage trade. The Meccan milieu of Mohammad and his followers was a business milieu. Before the call to Islam, Mohammad and his companion engaged in trade extensively, Mohammad was a relatively small merchant, but also acted as agent for other merchants in trade with Syria. The early Muslims of Mecca and Medina also continued in trade.

(Zubaida 1972, 321)

For several centuries the status of trade and the merchant was raised further as Islamic society became more prosperous. It was during these centuries that the “Islamic bourgeoisie” was on the rise. S.G.Goiten writes:

This class developed slowly during the first hundred and fifty years of the Muslim era, emerged into the full light of history at the end of the second, became socially admitted during the third and asserted itself as a most powerful socio-economic factor during the fourth.

(Goiten 1957, 585)

It never became an organized body, however, and never obtained political power, although many of its members occupied positions as high (and the highest) executives of the state (ibid).

The simple Islamic society of the early days became much more complex as Islam embraced Iranian (Persian) and Hellenic lands and cultures after the Prophet’s death. Economic historians such as Subhi Labib (1969, 79–96), Elias Tuma (1965, 1–23), and Udovitch (1967a, 200–64) have demonstrated the economic complexity and sophistication of that society. The complex economic and social system that emerged soon required theoretical (political, economic, and theological) debates, as well as the opinions of Islamic jurists on practical and day-to-day actions. The availability of Greek and Persian texts in Islamized lands, and their rapid translations to Arabic, made these debates more sophisticated and lively. The debates produced great works in philosophy, theology, ethics, geography, history, the sciences, and practical manuals as guides to leaders and merchants,

It was in the commentaries on these debates and the religious opinions and decrees of Islamic jurists that Muslim writers dealt with economic issues and concepts. Muslim scholars of this age demonstrated a thorough understanding of the economy and its agents and institutions. Because the Islamic society of the medieval period possessed some of the institutions and intellectual tools of modern times, medieval Muslim scholars were able to anticipate some of the economic issues that were discussed much later in Western Europe.
Some of the recent literature dealing with the contributions of medieval Muslim writers to the history of economics assumes, perhaps unintentionally, that Islamic civilization was monolithic and that only Arabs contributed to the development of Islamic intellectual history (see, for example, Ghazanfar and Islahi 1990; Ghazanfar 1991). This is not true at all. Islamic civilization has always been diverse, and particularly after the Prophet’s death in 632, both Arab and non-Arab Muslims have left their marks on Islamic intellectual history and its culture. In fact, even the prophet Muhammad had two very close non-Arab associates: Salman the Persian and Balal of Ethiopia. It is for this reason that if one were to understand Islam and its civilization,

It is necessary to understand the diverse ethnic and cultural worlds into which the Islamic revelation descended and which Islam transformed and made its own...One can speak of one Islamic culture and many different colors, zones and variations or of several cultures within Islamic civilizations.

(Nasr 1981, 39)

The various cultural zones of the Islamic world are Arabic, Persian (Iranian), Turkish, Malay, and black African, each one of these also being rather heterogeneous.

Persians (Iranians), who came under Islamic rule during the reign of Omar, the second caliph, brought into the Islamic community a strong ethico-religious devotion, a strong political culture, and a love of knowledge. It should be remembered that prior to the rise of Islam, Persians had produced the religions of Zoroastrianism, Manichaeanism, and Mithraism, as well as the communistic religion of Mazdakism (and Babism and Bahaiism in recent centuries). Iranian culture has always emphasized the pursuit of education. Fariba Shahnazari cites a daily prayer (to Ahura Mazda, the ancient Zoroastrian god of pre-Islamic Persians) which is indicative of the value placed on learning:

Oh, Ahuramazda, endow me with an educated child, a child who will participate in his community, a child who will fulfill his duty in society; a child who will strive for happiness of his family, his city, and his country; an honorable child who will contribute to others’ needs.

(1992, 30)

In addition to their own sources, Iranians also sought knowledge from their neighbours: the Greeks, Romans, and Indians. This was particularly true under the Sassani Persian kings, who were impressed with the new knowledge of their neighbours and who established a centre of learning in
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order to combine Iranian knowledge with that of others. This centre, the Jundi Shapur University, founded during the fourth century AD, was at its height during the reign of Anoshiravan the Just, who ruled the Persian empire from 531 until his death in 579 (nine years after the birth of the prophet Muhammad). Jundi Shapur was modelled on the Hellenized universities at Alexandria and Antioch, particularly in the teaching of mathematics, astronomy, medicine, and logic. The university also taught Iranian (Persian) and Indian sciences. Jundi Shapur was strengthened after 489 AD, when the school of Edessa was closed by the order of the Byzantine emperor, and again in 529 AD, when the emperor Justinian ordered the school in Athens to be closed. Thus by the time that Islam emerged, Jundi Shapur University, in southern Iran, had become an effective cosmopolis, synthesizing Persian, Greek, Indian, and Roman sciences. It flourished for some four centuries in post-Islamic Persia, and it was revived as a modern university in the twentieth century.

Under the Sassani kings, Persia was a socially rigid society whose Indian-like caste system did not allow the mass participation of its citizens in various intellectual activities. Islamization of the Iranian society, destroying the caste system and substituting the degree of faith and spirituality for predetermined class ranks as the criterion of social distinction, brought about more egalitarianism and mass participation in various aspects of life, including educational and intellectual activities. This change energized Iranian society and brought many more people into the arena of intellectual activity. The translation into Arabic of Greek, Persian, Indian, and other scientific, philosophic, and literary works, and the fact that Islam, in both the Qur’an and hadith, encouraged learning, caused a tremendous upsurge of intellectual activity among Muslims, in particular the Iranians, who had inherited a great wealth of intellectual activity from their pre-Islamic past, and became very active in various areas of intellectual activity, producing the greatest minds during the Islamic golden age (particularly during the tenth and eleventh centuries). During this period, intellectual activity took place at Jundi Shapur, in less formal centres of learning, and in several new universities (called nezamiehs) established by the enlightened vizier of Iranian Seljuk kings, Nezam-ul-Mulk, in various Persian cities, as well as in Baghdad (Sedigh 1960, 141). Persian-speaking Iranians developed a great love for Arabic, the language of the Qur’an. It is no wonder that Sibewaih the Persian was regarded as the master of Arabic grammar (Mottahedeh 1994, 20). But love of Arabic did not prevent Iranians from also reviving the Persian language and creating a new literature and a new form of poetry.

It was during this phase of Persian history that great masters of classical Persian poetry—Ferdousi, Rumi, Saadi, Nezami, Hafez, Khayyam, and many more—emerged. Intellectual activity among Iranian Muslims also flourished in mathematics, philosophy, medical science, religious sciences, history, geography, and the Arabic language. The greatest Muslim philosophers (Ibn Sina, Razi, Suhravardi, Qutb-al-Din Shirazi, Mulla Sadra Shirazi, and many
more), the greatest ethicist-philosophers (Ibn Miskaway, Nasir Tusi, and Davani), the greatest Muslim chemist (Razi), the greatest Muslim mathematician (Mussa Kharazmi, the author of the first treatise on algebra), and the greatest theologians (Ghazali and others) were Persian-speaking Iranians. Because of the importance of the Arabic language in theology, philosophy, and the sciences, most Persian writers wrote most of their works in Arabic. Still, some of the major works of these writers were written in Persian (Nasr 1975, 67).

Although Arabic philosophic activity declined first after the Sunni attack on philosophy during the eleventh century and later after the fall of Baghdad during the Mongol invasion of 1258, Iranian Shiites, building upon the works of Farabi, Ibn Sina, Suhravardi, and others, continued their philosophic writings up until modern times. Explaining the role of intellectuals after 1258, Nasr writes:

Henceforth Persia, which provided most of the Islamic philosophy...In the thirteenth century, the philosophy of Avicenna (Ibn Sina) was revived by Khajah Nasir Tusi, an intellectual figure of the first magnitude who also revived the study of mathematics and astronomy. In fact, it was he and his student Qutb-al-Din Shirazi who proposed the first new medieval model of planetary motion, which was later to be employed by Copernicus...It was also Tusi who established the first complete astronomical observatory in history, which through the observatories of Samara and Istanbul, became the model for the earliest modern European observatories such as those of Tycho Brahe and Kepler. (Nasr 1981, 78)

Explaining the intellectual activities of Iranian Muslims after 1258, Nasr continues:

Gradually, the teachings of Avicenna, Suhravardi (both Persian) and Ibn Arabi, as well as those of theologians, became synthesized in vast metaphysical systems which reached their peak during the 17th century with Mir Damad and Sadr-al-Din (Mulla Sadra Shirazi). These metaphysicians, who are the contemporaries of Descartes and Leibniz, developed a metaphysics which was no less logical and demonstrative than those of European contemporaries. Quite justly, Corbin has called Sadr-al-Din Shirazi, whom many Persians consider the greatest Islamic philosopher (rivaling another Persian -Avicenna), a combination of St.Thomas and Jacob Bohme which the context of Islamic in its Persian manifestation alone could make possible.

(ibid.)

While Ghazanfar and Islahi insist on calling all Muslims “Arabs”, Muslims throughout the ages have been conscious of their diversity. This is obvious in
the following statement of Nasir Tusi (a Persian), written some eight centu-
ries ago:

Among the classes of nations, the Arabs are distinguished for their speech, their eloquence and their ingenuity, but they are also noted for harsh nature and powerful appetite. The Persians, on the other hand, are distinguished by intelligence, quickness, cleanliness and sagacity, albeit noted for cunning and greed. The Byzantines are distinguished for loyalty, trustworthiness, affection and competence, but noted for stinginess and meanness. Indians are distinguished for strength of feeling, and intuition and understanding, but noted for conceit, malevolence, guile and a tendency for fabrication. The Turks are distinguished by courage, worthy service and fine appearance, but noted for treachery, hardness of heart and indelicacy.

(Tusi 1964, 184)

In fact, many Persian historians and philosophers were highly conscious of their ethnicity. As a result, they devoted a great deal of time and effort to the study of pre-Islamic Persian history and philosophy. The works of Alberuni, Ibn Sina, Ibn Miskaway, and Suhravardi are indicative of this fact. The attempts of poets and writers of prose to revive the Persian language indicates their awareness of their ethnic origin. The great epic poet Ferdousi (b. 940), who spent thirty years writing the Book of Kings (Shah Nameh), made this explicit: “I toiled so much in these thirty years, reviving Iran through my Persian.”

**Medieval Persian scholars and their respective understandings of the economic problem**

The economic realities of medieval Islamic society—exemplified by the importance of markets, the merchant class, productive activity, trade, and the use of credit and partnership in trade—required a theoretical explanation on the part of thinkers. This complexity also necessitated the opinions of Islamic jurists on the permissibility of economic activities. The intellectual sophistication and curiosity of Islamic thinkers (particularly Persian thinkers), the realism of the writers of the “mirrors for the princes” (of Persian origin) and that of Islamic jurists who dealt with people’s everyday problems, and the rationalism of Muslim philosophers, itself influenced by the rationalism of Aristotle and that of the neo-Pythagorean Bryson, provided the needed instrument for these explanations and legal (Islamic) opinions. It is due to these influences that medieval Muslims, particularly Persians, produced much economic analysis. Once again, it should be emphasized that these writers, like others, did not treat economics as an independent discipline; they emphasized unity of knowledge and introduced economic analysis in the midst
of their philosophic, legal, ethical, political, scientific, and even literary discussions.

Medieval Persia was one of the most economically developed parts of the Islamic world. Persia produced some of the best minds in medieval Islam, and it is therefore not surprising that medieval Persian writers had a great deal to say about economic matters. The works of many medieval Iranian writers reflect their awareness of economic matters. These include Farabi’s *Good City* (chs 26–37); Ibn Sina’s *Household Management*; Alberuni’s book on India; many of Ghazali’s works, particularly his *Ihya Ulum al-Din* (in Arabic) and *Kimiya-e-Saadat* (in Persian); Nezam-al-Mulk’s *Siasat Nameh* (in Persian); Kay Kavus’ *Qabus Nameh* (in Persian); Ibn Miskaway’s book on ethics; Nasir Tusi’s book on ethics (in Persian); and Asaad Davani’s book on ethics (in Persian). These writers viewed economic matters in two different and distinct ways. In contrast to Sufi teachings, both of these groups regarded economic activity as praiseworthy, but while some praised wealth and economic activity for their own sake, other writers, assuming that this world is a preparation for the next, believed that the pursuit of economic activity is good because it is a means toward salvation. The first view, which has its base in the economic realities of medieval Islamic society, was influenced by the realism of the Persian “mirrors” tradition and by Greek rationalism (of Aristotle and of Bryson). The second view, which also had its base in medieval Islamic society, was influenced by traditional Islamic ethos (and perhaps by pre-Islamic Iranian ethics), and by Sufism (Hosseini 1995). Kay Kavus’ economic discussions in *Qabus Nameh*, which are devoid of theological arguments and are objective and positivistic, praised wealth for its own sake—an example of the first view. Ghazali’s economic discussions in both *Ihya* and *Kimiya* provide an example of the second view. Ghazali, and other proponents of this view for that matter, while advocating economic activity, regards the development of the economy as part of divinely ordained, socially obligatory duties whose fulfillment is necessary for the perpetuation of humanity (*Ihya*, 2:32). Ghazali’s Sufi tendency, rather obvious in his writings, is well known. It is a fact that Ghazali tried to synthesize traditional Islam and Islamic Sufism.

Medieval Persian scholars provide a surprisingly detailed discussion of economic matters. Obviously, they analyse and discuss the economic realities of their own times. In some cases, they seem to be explaining various socio-economic arrangements that can, potentially, exist. Cases in point are various non-ideal societies that are discussed in Farabi’s *Good City* and in Nasir Tusi’s *Nasirean Ethics*. Some of the economic discussion of these writers resembles what was discussed by medieval Christian Scholastics later on; others seem closer to contemporary economic texts, as the following summary of their views demonstrates.
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Wealth, poverty, and acquisitiveness

Both groups of medieval Persian writers praise economic activity and the accumulation of wealth, both groups scorn poverty, and both groups view individuals as acquisitive. Kay Kavus writes:

My son, do not be indifferent to the acquisition of wealth. Assure yourself that everything you acquire shall be the best quality and is likely to give you pleasure. Once you have acquired it, not letting go for anything; indeed, preserving is more difficult than acquiring.

(Kay Kavus 1951, 91)

According to Nasir Tusi, “the intelligent man should not neglect to store up provisions and property” (1964, 159). According to Asaad Davani, “Experience teaches me this wholesome truth: men work by knowledge, knowledge works by wealth” (1946, 92). In the words of Ghazali, “man loves to accumulate wealth and possessions of all kinds of property. If he has two valleys of gold, he wants to have a third” (Ihya, 2:280; see Ghazanfar and Islahi 1990). Against poverty, Kay Kavus writes:

you must realize that the common run of men have an affection for the rich, without regard to their personal concern, and that they dislike poor men, even when their own interests are at stake. The reason is that poverty is man’s worst evil and any quality which is to the credit of the wealthy is itself a derogation of the poor.

(1951, 92)

According to ethicist Davani, “For the wisest, if destitute of money, can be no benefactor of the people; and even in himself, by reason of his attention to require expedients, is withheld from perfection” (Davani 1946, 91–2). For Ghazali, the theologian,

If people stay confined to subsistence level and become very feeble, deaths will increase, and work and industry will come to a halt and society will perish. Further, religion will be destroyed, as the worldly life is a preparation for the next.

(Ihya, 2:108; see Ghazanfar and Islahi 1990, 384)

The views of these medieval Persian writers concerning self-interest are not all that different from those of modern economists. For example, Kay Kavus, in advising his son, argues: “And never, in anything you do, lose sight of your own interest—to do so is superfluous folly” (1951, 109). According to Ibn Miskaway, “The creditor desires the well-being of the debtor in order to get his money back rather than because of his love for him...The debtor, on the other hand, does not take great interest in the creditor” (1968, 137).
The emergence of the division of labour, the evolution of markets, and voluntary exchange

Medieval Persian writers provide a great deal of discussion about the need for division of labour in human society, the evolution of markets, and voluntary exchange. For example, Farabi, in chapter 26 of his *Good City*, discusses the various material needs of individuals, the impossibility of their satisfaction by mere individual efforts, and the possibility of their satisfaction through cooperation and division of labour (and thus exchange). Ibn Sina (1940, 10) discusses these needs and their satisfaction through division of labour and the family. Division of labour is also discussed in Ghazali’s *Ihya* (3:227), Kay Kavus’ *Qabus Nameh* (1951, 156), Nasir Tusi’s *The Nasirean Ethics* (1964, 153–4), Ibn Miskaway’s *Tahdhib al-Akhlaq* (1968, 123), and in Davani’s works. After discussing the impossibility of satisfying all of one’s material needs by one’s own effort alone, Davani argues that:

Nay, if he devoted his time entirely to one of these crafts, the whole would be insufficient for its attainment. But when men congregate together, and cooperate with each other, and each for other perseveres in one employment, and threads the way of justice in reciprocal co-operation and interchange, the necessities of life are amassed, the situation of individuals secured, and the perpetuity of the species provided for. Philosophers have a saying, that there are a thousand things to be done before anyone can put a morsel of bread into his mouth.

(1946, 318–20)

This is similar to Adam Smith’s line of reasoning in the *Wealth of Nations*. It is interesting that these writers even understood the importance of division of labour in the international arena. This is obvious in Farabi’s *Good City* (chapter 26) and in *Qabus Nameh*, when Kay Kavus discusses the benefits of international trade. As we read,

To benefit the inhabitants of the west they import the wealth of the east and for those of the east the wealth of the west and by so doing become the instruments of the world’s civilization. None of this can be brought about except by commerce.

(Kay Kavus 1951, 156)

Medieval Persian writers understood that the need for division of labour gives rise to the exchange process and the institution of markets. Ghazali seems to have understood this evolution rather well. As he stated:

So the farmer needs blacksmiths and carpenters, and they in turn need farmers. Naturally, each will want to satisfy his needs by giving up in exchange a portion of what he possesses. But,
it is also possible that when the carpenter wants food in exchange for tools, the farmer does not need the tools. Or, when the farmer needs tools, the carpenter does not need food. So such situations create problems. Therefore, pressures emerge leading to the creation of trading places where various tools can be kept for exchange and also warehouses where farmers’ produce can be sorted. Then, customers bring produce to the markets and if they cannot readily sell or exchange what they possess, they sell them at a lower rate to the traders who in turn store the produce and sell to the buyers at a profit. This is true for all kinds of goods, Then, such practices extend to various cities and countries.

(Ihya, 3:227; see Ghazanfar and Islahi 1990)

Medieval Persian writers seem to have understood the laws of demand and supply. For example, Ghazali seems to have recognized the law of supply when he stated: “If the farmer does not get a buyer for produce, then he sells at a very low price” (Ihya, 3:227; see Ghazanfar and Islahi 1990). Or, in Ihya (2:80; see Ghazanfar and Islahi 1990), he seems to have understood price-elasticity of demand when he suggested that a cut in profit margin by price reduction will cause an increase in sales and thus in profits. Kay Kavus recognized both demand and supply when he provided advice to his son concerning the purchase and sale of houses: “Further, you must buy when the market is slack and sell when the market is brisk” (Kay Kavus 1951, 109). In the following, Kay Kavus recognized demand, supply, competition, and even marketing:

If you are a craftsman in the bazaar, whatever your craft, let your work be quick and worthy of praise, so that you may acquire many patrons; and whatever the work you do, let it be better than that of your fellow-craftsmen. Be content with modest profit, for while you sell at eleven a single article which costs you ten, you may sell two at ten-and-a-half a piece. Do not drive customers away by importuning and over-insistence; thus you will gain a livelihood from the practice of your craft and more people transact business with you. In the course of selling an article, exert yourself to say “My friend”, “My dear sir” or “My brother”, and to make a show of humanity, and with all your strength...contain yourself from harsh and foul language. By your gentleness the customer will be shamed from bargaining and you gain your object.

(Kay Kavus 1951, 237–8)

Some of the Persian writers have argued that prices are determined by market forces. This is particularly obvious in Qabus Nameh, Ghazali’s works, and Ibn Miskaway’s book on ethics. The following statement by Ibn Miskaway
demonstrates his understanding of price and equilibrium (as well as money): “Thus, money is the equalizer of things that differ; adding to some and taking away from others until equilibrium is established between them so that business may be carried on fairly, as between, for example, the farmer and the carpenter” (Ibn Miskaway 1968, 103–4). The equilibrium price Ibn Miskaway discusses is what Ghazali calls “prevailing price” (Ghazanfar and Islahi 1990); it is what other writers (both Muslim and Christian) have called “just price” and is presently called “equilibrium price”.

Production, its stages, and its efficiency

The above-mentioned Persian writers took production very seriously and devoted considerable attention to describing it, its hierarchy and various stages, its nature, and its efficiency. They view productive activity, particularly production of necessities, as a social responsibility. For Ghazali, such activities are part of one’s worship (Ihya, 2:61; see Ghazanfar and Islahi 1990).

For both groups of Persian writers, production has stages and is hierarchical; they classify production activities in terms of their social importance. For example, according to Nasir Tusi,

Crafts are of three kinds, noble, base and intermediate. Noble crafts are those coming within the range of the soul, not that of the body; and they are called the crafts of liberal men and of the polite. The greater part of them...Base crafts are also of three classes: that which is repugnant to the best interest of the generality of mankind, such as practicing monopoly...The intermediate crafts comprise other classes of livelihoods and kinds of trades. Some of them are necessary like agriculture, and some are unnecessary, such as dyeing. Again, some are simple, like carpentry and the work of blacksmith, while others are compound, such as scale-making and the cutler’s trade.

(Tusi 1964, 158)

According to Davani,

Professions are either necessary, as agriculture, or unnecessary (as gold working) and may all be reduced to three heads—noble, mean, and indifferent. The noble are those which have to do with intellectual power; the mean professions are likewise of three sorts: 1. Those which are repugnant to human interest; as magic, witchcraft, engrossing 2. Those which are incompatible with mental excellence; as wine selling, done-playing, dice-playing.

(Davani 1946, 254–5)
Classification of productive activity takes place among other writers as well: Ibn Sina, Farabi, and Ghazali. According to Ghazanfar and Islahi, Ghazali suggests a classification of productive activities quite similar to contemporary discussions: primary (agriculture), secondary (manufacturing), and tertiary (services) (Ghazanfar and Islahi 1990, 389).

Persian writers also emphasized efficiency in the productive process. For Nasir Tusi, “Now, all who are characterized by a trade should make advance and seek perfection therein” (1964, 158–9). Davani wrote that “when settled in any profession, we ought to aim at its distinctions and perfections, and not rest content with laboring for any trivial purpose” (1946, 256). In the words of Ibn Miskaway, “consequently, our unquestionable duty is to seek the good which represents our perfection and for which we are created” (1968, 13). Farabi discusses efficiency in detail, and Kay Kavus provides very practical advice to achieve efficiency in production. He seems to be aware that producers (suppliers) must be cost-effective, that large-scale commerce is most efficient, and that agricultural efficiency requires constant improvement of land and implements (Kay Kavus 1951, 237).

Like modern economists, these Iranian writers were also aware of the linkages that exist in the production chain. According to Ghazali,

the farmer produces grain, the miller converts it into flour, the baker prepares bread from the flour. Further, the blacksmith makes tools for farmer’s cultivation, and the carpenter manufactures tools needed by the blacksmith. The same goes for all those who engage in the production of tools and implements needed for the production of foodstuff.

(Ihya, 4:128; see Ghazanfar and Islahi 1990)

In the words of Davani, “there are a thousand things to be done before anyone can put a morsel of bread into his mouth” (1946, 320).

The economics of the state

Almost all of the above-mentioned medieval Persian (Iranian) writers had something to say about the role of the state in society and the economy. This is particularly true of the two mirrors in our study—Qabus Nameh and Siasat Nemeh. These two mirrors, authored by a Persian prince (Kay Kavus) and a grand vizier of Persian Seljuk kings (Nezam-al-Mulk), necessarily provide two extremely wise and practical accounts of government, the economy, and society, including detailed discussions of public finance: revenues, their sources, and expenditures. Nezam-al-Mulk, in particular, draws heavily from the experiences of pre-Islamic Persian kings (Anushiravan the Just, Bahram Gur, etc.). In the chapter dealing with government treasuries (chapter 48), he writes:
Kings have always had two treasuries, the capital treasury and the expenses treasury. As revenue was acquired it was usually taken to the capital treasury, and seldom to the expenses treasury, and unless there was urgent necessity they did not allow disbursement from the capital treasury. When they did take anything out, they took it by way of a loan, and put an equivalent sum back later. If care is not taken in this way, the whole income of the state will be dissipated on expenses, and if there comes some unexpected need for money, it will give rise to anxiety and there will be shortcoming and delay in meeting the commitment. It was always the practice that any money paid into the treasury such as revenue from provinces, should not be changed or encashed. Thus expenses were met at their due time, there was no failure or delay in the payment of awards, salaries and presents, and the treasuries were always replenished.

(Nezam-al-Mulk 1960, 246)

Most of these writers, in general, provide detailed commentary and advice on the conduct of affairs of the state. They demonstrate a high degree of sophistication in understanding the function of the state and view it as a necessary institution. For Ghazali, the theologian, the state and religion are inseparable pillars of an orderly society; while religion is the foundation, the state is the promulgator and protector (Ihya, 1:17; see Ghazanfar and Islahi 1990). To these writers, people’s inability to fulfill all their needs alone should persuade them to live in cooperation with others. However, the realities of jealousy, competition, and selfishness would make cooperation difficult. The state is needed to check these tendencies.

Like classical economists, these Persian writers saw the need for the state to provide peace, security, and justice. This point is particularly emphasized by Nezam-al-Mulk. The medieval Persian writers also held the state responsible for establishing the proper conditions for promoting economic prosperity. For example, Davani discussed the support that merchants need from the state if they are to play useful roles (1946, 455). Nasir Tusi, explaining the categories of the bases of the “Virtuous City”, sees an economic function for the state (1964, 216). Both functions are also obvious from the following statement by Kay Kavus:

The King’s continuance is dependent on his forces, and the prosperity of the country on the peasantry. Make it your constant endeavor to improve cultivation and to govern well; for, understand this truth: good government is secured by armed troops, armed troops are maintained with gold, gold is acquired through cultivation, and cultivation sustained through payment of what is due to the peasantry.

(1951, 123)
Since the publication of *The Wealth of Nations*, non-socialist economists, assuming that economic agents are self-interested and that the interaction of these self-interested individuals (the butcher, the brewer, the baker, and so on) gives rise to economic efficiency, have believed in the notion of the invisible hand. Asaad Davani, as if responding to Smith a few centuries in advance, opposed the notion of the invisible hand and saw the need for the state to restrain the negative consequences of individual selfishness. In his own words,

> men must not be left to their own natures...for each, in pursuing his own advantage, would be injuring the rest; this must lead to dissension, till they fell to hurting and destroying one another. Some provision, therefore, must evidently be made for rendering each content with his rightful portion, and restraining the hands of violence from reciprocal injury. Now this provision is termed supreme government.

*(1946, 322)*

*Understanding barter, barter's problems, and the evolution of money*

Medieval Persian scholars understood the difficulties of the barter system and recognized the problems that we label today as the lack of a common denominator, indivisibility of goods, and double coincidence of goods. They knew that while barter can lead to exchange, differences in the characteristics of goods can make the exchange process inefficient, and they understood the evolution and importance of money and its various functions (Ghazanfar and Islahi 1990, 390–1). They also understood the harmful effects of counterfeiting and currency debasement. Of course, as Muslims, they had to emphasize that money is not (or should not be) desired for its own sake -money carries value only in exchange. Again, as Muslims, they had to oppose the giving or taking of interest (particularly Ghazali, the theologian, who went to great pains to prove the inefficiency of interest-taking). Discussing lending and borrowing for interest, Ghazali stated:

> When someone is trading in dirhams and dinars themselves [Persian and Roman currency of the time], he is making them as his goal, which is contrary to their functions. Money is not created to earn money, and doing so is transgression. The two kinds of money are means to acquire other things; they are not meant for themselves.

*(Ihya*, 4:192; see Ghazanfar and Islahi 1990)

Some of these Persian writers, interestingly enough, also understood the modern notion of portfolio management of investment, and that diversification is a hedge against losing. According to Davani, “it is advisable to have part of our
property in money and species, and part in land, establishments, and stocks in order that if anything occur to unsettle one kind, it may be made up in another” (1946, 236). In his discussions of the need for savings, Nasir Tusi argues that:

It has been said that it is preferable to have part of one’s property in cash and the proceeds of merchandise, part in commodities, furnishings, provisions and (general) goods, and part in landed holding, estates and livestock. In this way, if a breach be made on one side it is possible to repair it from the other two sides.

(1964, 159)

**Medieval Persian writers as precursors of Malthus and Darwin**

Wilczynski (1959, 459–66) and Joseph Spengler (1980) have brought to our attention that Alberuni, who lived some nine centuries before Malthus and Darwin, can be regarded as their precursor. Alberuni recognized that “since the growth of man’s numbers is limited by the capacity of the environment to provide support, the earth could become overpopulated and in need of a thinning of its numbers” (Spengler 1980, 96). According to Alberuni, the growth of anything is limited by the environment accessible to it. He also recognized that since the capability for the growth of a species in number is unlimited, its actual growth is restrained by limiting and (apparently) almost exclusively external agents (Alberuni 1971, 382–3). Alberuni observed, much as did Charles Darwin upon reading Malthus, that the pressure of increasing numbers will give rise to natural selection.

Alberuni should not be regarded as the only medieval Persian scholar with a “Malthusian” population theory, however. In fact, all three Persian ethicists in our study—Ibn Miskaway, Nasir Tusi, and Davani—held similar views. They even used mathematical calculations to discuss their population theories. Assuming no deaths, Nasir Tusi calculated the impossibility for the surface of the earth to maintain all human beings from the time of Ali (the fourth caliph, the first cousin and son-in-law of Muhammad, and the first Shiite Imam). After these calculations he wrote:

Thus if all this mass of people attempted to stand straight, with their arms held aloof, in the closest proximity to each other, there would not be room for them on the face of the earth—much less when it is a question of lying or sitting down, or moving about and going their different ways. No place would remain free for building or cultivation or the disposal of waste matter. Such a situation, moreover, would come about in only a short period: how then, if with the prolongation of time, and by numberless multiplications in the same reference, they were reduced to sitting on one another’s heads.

(Tusi 1964, 140–1)
HAMID HOSSEINI

The same type of discussion is presented by Ibn Miskaway and Davani. It is interesting that these three philosopher-ethicists, as Shiites, give the example of Ali, the founder of Shiism, and his descendants.

Conclusion

This chapter attempts to establish that medieval Muslim writers (Persians, Arabs, Spanish, and so on) were inspired by the Islamic ethos and influenced by Greek and Iranian thought in ways that allowed them to explain the economic realities of their age rather well. These writers made substantial contributions to the history of our discipline. Medieval Muslim thinkers, one can argue, influenced medieval Christian Scholasticism tremendously. According to Karl Pribram (1983, 21), the Scholastics derived their intellectual armoury from the works of medieval Muslims, and according to Will Durant (1950, 4:954–8), the writing of Aquinas’ *Summa Theologica* was inspired by the Islamic theologian Ghazali (see Ghazanfar and Islahi 1990). Muslim scholars also influenced Christian Scholastics in their economic thinking (see Mirakhor 1988; Hosseini 1995).

In fact, there existed about six ways by which “Islamic” knowledge was transmitted to medieval Europe. First, numerous Christian scholars travelled to Muslim lands to learn “Islamic” sciences during the eleventh and twelfth centuries. Examples are Constantine the African, Adelard of Bath and Leonardo Fibonacci (see Durant 1950). Second, from the eleventh until the fourteenth centuries, numerous European students attended Islamic universities to study mathematics, philosophy, medicine, cosmography, and other subjects. These students became candidates for professorships in the first Western universities to be established after the pattern of the Muslim seminaries (see Sharif 1966; Makdisi 1970). Third, there were many translations of Arabic writings to Latin during this period. Although these translations were made in various European cities, most of them took shape in Spain (Toledo and Burgos) and Italy (Sicily and Naples). Other forms of transmission included oral transmission, transmission of economic knowledge through commerce, and the diffusion of economic institutions and processes (Hosseini 1995).

In contrast to the writers mentioned in the introduction, I have emphasized the diversity of Islamic civilization and the fact that contributions to Islamic thought were made by a variety of Muslim scholars. Many non-Arab Muslims (and even non-Muslims in Muslim lands) made substantial contributions to the intellectual climate of medieval Islam.

To demonstrate this diversity among Muslims, I have argued that at least Persian-speaking Iranians were aware of their Persian culture and that for this reason many medieval Persian intellectuals (particularly philosophers and historians) tried to revive Persian thought, albeit in an Islamic framework. This was also the case as Iranians resisted Arabization, particularly among those who helped to revive the Persian language, its poetry, and its prose.
ECONOMIC THOUGHT IN MEDIEVAL PERSIA

I also argued that Persian-speaking Iranians (even though they most often wrote in Arabic rather than in Persian) were among the best of medieval Muslim thinkers. These thinker-philosophers, ethicists, theologians, geographers, or writers of “mirrors for princes” also demonstrated a sophisticated understanding of the economic process, and anticipated many economic concepts that would appear much later in Europe. They understood “new” economic concepts: the market mechanism and demand and supply, division of labour, efficiency, the Malthusian theory of population, the economic functions of money, utility, the social welfare function, and the notion of conspicuous consumption.

Note

EXPLORATIONS IN
MEDIEVAL ARAB-ISLAMIC
ECONOMIC THOUGHT

Some aspects of Ibn Qayyim’s economics
(AH691–751/1292–1350AD)

S.M.Ghazanfar and A.Azim Islahi

Introduction

This paper explores the economic thought of a medieval Arab-Islamic Scholastic, Shams al Din Abu Abdullah Muhammad bin Abi Bakr Al-Zar’i, known as Ibn Al-Qayyim al Jawziyyah (AH691–751/1292–1350AD), hereafter called Ibn Qayyim. As a theologian and interpreter of Islamic scriptures, he was among the leading jurists of the Hanbali school—last of the four streams within Islamic shariah (or Islamic jurisprudence) that emerged between the eighth and fourteenth centuries (the other three, chronologically, being Hanafi, Maliki and Shafi—each named after its founder; see Levy, 166–91).

In reference to medieval Arab-Islamic scholarship, Ibn Qayyim is one among at least thirty-five to forty prominent scholars who wrote on a variety of specific economic issues—some even wrote separate treatises (see, for example, Abu Yusuf, 731–798AD; Al-Farabi, 870–950AD; and Nasir al-Din Tusi, 1201–1274AD). To the best of our knowledge, none of Ibn Qayyim’s works has been translated into English or other European languages. The present paper relies primarily on the original Arabic language sources.

It needs to be pointed out, however, that there is hardly any Arab-Islamic scholar whose economic thought is familiar in the profession or incorporated in the relevant literature. Such neglect is only tangentially rectified by some English language literature on the economics of a late medieval Arab-Islamic scholar, Ibn Khaldun (1332–1404AD). About twenty-five years ago, the late Joseph Spengler wrote an excellent paper on this scholar, and in referring to Arab-Islamic literature of the era, he observed that “the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge” (Spengler 1964, 304). Thus part of the stimulus for the present effort comes from Spengler’s suggestion. Further, it might be noted that another scholar, also writing on
SOME ASPECTS OF IBN QAYYIM’S ECONOMICS

Ibn Khaldun, referred to him as “among the fathers of economic science”, but erroneously concluded that he was “an accident of history... without predecessors and without successors” (Boulakia 1971, 1118). Another exception is a recent article on the economic thought of a prominent early medieval Arab-Islamic Scholastic, Abu Hamid Al-Ghazali (1058–1111AD) (see Ghazanfar and Islahi 1990; see also Essid 1987).

It is appropriate, in the present context, to briefly refer to the controversial “Great Gap” thesis, propounded by the late Joseph Schumpeter in his classic History of Economic Analysis. According to this thesis, the period between the Greeks and the Latin Scholastics (particularly St Thomas Aquinas, 1225–74AD) represented “blank centuries”, during which nothing of relevance to economics was written anywhere (Schumpeter 1954, 73). Such a claim is untenable, although, given the cultural context in which he wrote, Schumpeter perhaps was not aware of the Arab-Islamic literature on economics (see Ghazanfar 1991).²

In the main, however, after a sketch of Ibn Qayyim’s life and the environment in which he lived and a brief perspective on his socio-economic philosophy, we present a detailed discussion of his ideas on some major economic themes. Like most other Arab-Islamic and Latin-Christian Scholastics of the era, Ibn Qayyim “was well-versed in the main disciplines of the time” and “his education was particularly wide and sound” (Laoust 1971, 821). Further, as with most medieval scholarship generally, his works emphasized the “holistic” intellectual approach. However, one finds considerable economic content in his writings, similar to that found in the works of his Arab-Islamic and Latin-Christian counterparts.³ It may be further noted that, consistent with the prevailing intellectual tradition, his scholarship was not dominated by economic aspects of life, nor does one discover the esoteric abstractions and constructs to which contemporary economics has become accustomed.⁴

Ibn Qayyim: his life and the environment

Born in Damascus (Syria) in 1292, Ibn Qayyim spent most of his life in that city, and died there in 1350. Both Syria and Egypt were part of the first Mamluk dynasty (1260–1382AD), and Ibn Qayyim’s scholarly achievements, as those of his mentor, Ibn Taimiyah (AH661–728/1263–1328AD), belong in this period (see Ghazanfar and Islahi 1992). Egypt and Syria represented the centres of learning during the Mamluk period. According to Hitti, “Damascus and Cairo, especially after the fall of Baghdad (due to Mongol invasions) and the disintegration of Moslem Spain (after the crusades), remained the educational and intellectual centers of the Arab world” (Hitti 1951, 651). Further, the struggle between Greek rationalism and the comprehensive, unitive and intuitive quality of Islamic thought continued in the Mamluk period and is reflected in the writings of numerous Arab-Islamic scholars, including Ibn Qayyim.
Ibn Qayyim learnt from many teachers, “but in particular he was, from 713/1313, the most famous pupil of Ahmad Ibn Taimiya, all of whose ideas he can be said to have absorbed and whose works he helped to popularize, while retaining his own personality”. Further, much less of a polemicist than his master and much more of a preacher (wa'iz), Ibn Al-Kayyim finally left behind him the justified reputation of a writer of great talent, whose eloquence contrasts with the incisive dryness of the succinct prose of his famous master.

(Laoust 1971, 821)

While his “doctrinal and literary output was considerable”, his “career was modest, and was hampered by the opposition which the neo-Hanbalism of Ibn Taimiya encountered in the governmental circles of the Mamluk state”. Several Muslim scholars of this period were among Ibn Qayyim’s pupils and followers. “Indeed, he is still today an author very highly esteemed not only among the Wahhabiya, but also among the Salafiyya and in many circles of North African Islam” (Laoust 1971, 822).

As for the nature of economic life during this period, some insights become available from several sources. According to Lane-Poole,

It was an age of extraordinary brilliance in almost every aspect. In spite of the occasional records of scarcity and high prices, the wealth of the country, whether from its fertile soil or from the ever-increasing trade with Europe and the East, was immense, if the fortunes of the individuals are any test.

(Lane-Poole 1925, 313)

The Mamluks were aware that their success depended on the strength of the economy, along with their army. Thus they fully exploited the sources of wealth, and developed agriculture, trade and industry. Indeed, Egypt and Syria were centres of trade and commerce long before the advent of Islam. According to Hitti, “The concessions offered by al-Adil and Baybars (Mamluk rulers) to the Venetian and other European merchants stimulated an exchange of commodities and made Cairo a great ‘entrepot’ of trade between East and West” (Hitti 1951, 639). Further, Islam regarded trade as a worthy occupation, ties of rule and religion facilitated long-distance trade and travel; and since the Asiatic end of the Moslem world possessed many industrial or agricultural skills and products which were superior to those of European end, the West benefited by the lessons it learned from its new masters.

(Heaton 1948, 151–2)
By the thirteenth century, the Islamic way of life had become dominated by numerous un-Islamic customs and innovations (such as tomb worship), and by certain forms of Sufism (mysticism) which enervated the message of Islam. As a deeply religious man, Ibn Qayyim, like his mentor Ibn Taimiyah, believed that such false concepts and practices would lead to mass exploitation and social upheaval. Consistent with the prevailing ethos, he believed (as was true of his Arab-Islamic, Arab-Jewish and Latin-Christian counterparts), that religion and the state should be closely linked—the separation of one from the other was inconceivable in the prevailing environment. Based on his own convictions, Ibn Qayyim agrees with the views of his mentor, Ibn Taimiyah, in that without the power of the state, religion would be in jeopardy; and without the discipline of the revealed message, the state would become tyrannical (Ibn Taimiyah, Al-Siyasah, 189).

**Ibn Qayyim’s economic thought**

As a versatile scholar, Ibn Qayyim wrote on numerous topics, including economic issues of his age. Like his mentor, Ibn Taimiyah, he had seen the socio-economic upheavals of the time (especially the Crusades and the Mongol invasions), as well as the plight of the poor and the exploitation of the ruling class. Additional inspiration for him was the fact that Islam as a religion and a way of life focused specifically on prevailing economic problems, encouraged economic endeavour and emphasized the pursuit of socio-economic justice.

Ibn Qayyim authored at least eleven books (some with multiple volumes) on various topics. A few of these may be identified:

1. *Madarij al Salikin* (3 vols), considered as “the masterpiece of Hanbali mystic literature”;
2. *l’Lam al Muwaqqi’in* (3 vols), “a treatise on juridical methodology (usual al-fiqh), following the ideas of Ibn Taimiyya in this field”; and

Much of Ibn Qayyim’s economic thought emanates from his *al Turuq al Hukmiyah*. Ibn Qayyim has significant insights to offer on several key economic issues of universal relevance, historically as well as contemporaneously. His contributions to economic thought are quite similar to those of his worthy predecessors, such as Ibn Taimiyah and Al-Ghazali. We shall briefly explore the following aspects of his economic thought:

1. economic philosophy under Islam;
2. views on affluence and poverty;
3 economic significance of public charity (zakah);  
4 prohibition of usury (riba’); and  
5 market mechanism and need for public-sector intervention.

Economic philosophy under Islam

As with other medieval Scholastics, Arab-Islamic as well as Latin-Christian, the economic philosophy of Ibn Qayyim is heavily permeated with, and indeed subordinate to, the larger normative, ethical-moral concerns of the society, rooted in the revealed scriptures and embedded in the shariah (Islamic jurisprudence, or fiqh), the comprehensive Islamic equivalent of Christian canon law.7 The primary focus of these scholars was not the domain of economic aspects of life. Within the religious-ethical sphere of Scholastic jurisprudence, whether Islamic, Jewish or Christian, the underlying assumption always was that all human behaviour, including economic activities, is teleological, in that its ultimate aim is God and salvation. Indeed, the Islamic faith has always claimed itself to be more than a religion; as a “Deen”, it refers to a comprehensive way of life, encompassing all aspects of life, sacred and secular, spiritual as well as material, and pursuits of this world as well as the Hereafter.

Thus Ibn Qayyim emphasizes that the worldly life, including economic aspects, is a mere test, administered by God through awarding riches to some and depriving others of the same. Wealth is not a proof of God’s favour, nor poverty a sign of disfavour. And wealth is not for mere enjoyment; mere enjoyment and luxurious living is suited for animals (Ibn Qayyim, ‘Uddah, 194). Thus Ibn Qayyim seeks “homo Islamicus” as his norm, and “homo economicus” is only a subset. Guided by the scriptures, the supreme objective of a civilized society is the promotion of socio-economic justice (Ibn Qayyim, ‘Uddah, 14).

After discussing the need for inculcating among people values such as fear of God, piety, honesty and truthfulness, as well as the need for avoiding sinful traits such as fraud, falsehood and corruption, Ibn Qayyim suggests that sinful behaviour negates not only salvation but also diminishes worldly life, including deprivation of livelihood (Ibn Qayyim, al Da’wa, 7). On the contrary, he argues, noble deeds, as prescribed in the scriptures, promise not only salvation in the Hereafter, but also lead to economic prosperity in this world.

Ibn Qayyim emphasizes that economic pursuits are necessary to fulfill human needs and wants. He says:

when it is pre-ordained that grains will be obtained only after performing a certain chain of activities, it means that the produce cannot be obtained without sowing the seeds and cultivation of the land. Likewise, quenching thirst or satisfying the appetite depends on drinking water or taking food. But, neither of these objectives
can be achieved without necessary effort. The same is true for all affairs of this life and affairs relevant to the life Hereafter. (Ibn Qayyim, Shifa’, 56)

Indeed, such emphasis on economic endeavours is suggested by almost all Islamic Scholastics (Ibn Qayyim, l’Lam, vol. 1, 344). While all resources ultimately belong to God, according to Ibn Qayyim, individuals have the right to private property, subject to moral-ethical constraints and the larger concerns of social welfare. Thus if individual owners use property in a manner that violates social welfare, the state may have the right to intervene and even confiscate such property, with proper compensation, if by so doing the greater good of the society will be served (Ibn Qayyim, al Turuq, 245–6, 254–60). Indeed, property ownership and issues concerning poverty and affluence are closely related; and Ibn Qayyim devoted a full treatise on such interrelationships.

Views on affluence and poverty

Given the background of prevailing influence of Sufism, which promoted self-denial and pauperism, Ibn Qayyim examined the arguments of those who preferred poverty and those who advocated affluence. He adopted a balanced and realistic position, consistent with the Islamic scriptures, in that affluence is preferable, provided that it is accompanied by gratitude to God as well as fulfillment of one’s duties and obligations toward fellow human beings (Ibn Qayyim, ’Uddah, 313–14). Further, according to Ibn Qayyim, wealth enables one to more congenially perform good deeds, religious as well as secular, obligatory as well as voluntary (for example, pilgrimage, charity, endowments, construction of religious sites, roads and canals) (Ibn Qayyim, ’Uddah, 303). However, he subscribes to the opinion of his teacher, Ibn Taimiyah, in that “from among the rich and the poor the most favored is he who is most God-fearing and who excels in good deeds; if a rich and poor person are equal on the basis of this criterion, they are equal in their ranks” (Ibn Qayyim, Bada’i, 162). Ibn Qayyim warns against confusing poverty with Zuḥd (literally to abstain, to avoid, to devote)—an important Islamic virtue often misconstrued as renunciation of wealth and worldly life. In his book Madarij al Salikin, he examines the meaning of Zuḥd and concludes that it does not mean rejection of worldly things. He argues that Zuḥd is a state of mind which means purification from the lust for material things and from an exclusive focus on them. One can indeed have such a state of mind despite having material things, as it is also possible to possess material wealth, yet lack piety.

Economic significance of zakah (mandatory charity)

One of the five pillars of Islam is zakah (or mandatory charity, as opposed to voluntary charity, Saddaqah), which has important repercussions for the
economic life of a society. Ibn Qayyim discussed the economic significance of zakah and offered several insights.

According to Ibn Qayyim, the purpose of zakah is the promotion of socio-economic justice and development of kindness and goodwill toward others. For these reasons, a specific and relatively low rate has been fixed. Thus the amount payable is not excessive for those who must pay, and it is small enough for the less well-to-do to fulfill their needs despite payments. A high rate would not only harm incentives but also encourage evasion on the part of the rich. On the other hand, ‘excessive’ assistance to the poor would make them dependent. The two extremes would defeat the purpose of zakah (Ibn Qayyim, Madarij, 148; see also l’Lam, vol. 2, 92).

After identifying various bases subject to zakah, Ibn Qayyim discusses four different rates applicable to them. In evaluating the economic rationale for those rates, he is concerned with efficiency as well as equity. He argues that the labour content of the zakah bases is to be a key factor in determining the rates. In general, in order to encourage human effort, he favours a lower rate, the greater the labour content of economic activities. Thus irrigated farming, involving more labour, is subject to a lower rate than rain-fed farming, other things constant. The highest rate is applicable to any treasures discovered (presumed to be minimal in labour content) (Ibn Qayyim, Zad, 148; l’Lam, vol. 2, 91–2). Thus the rationale for such rate variation is to promote economic efficiency and equity. Identical rates for all goods and properties, regardless of labour content, would create work disincentives and give rise to inequities. It might be mentioned that Ibn Qayyim’s more famous teacher, Ibn Taimiyah, also offered similar views on this topic (Ibn Taimiyah, Majmu’, vol. 25, 8).

Ibn Qayyim also discusses the period of zakah payment. First, zakah is to be collected only when crops have been harvested and revenue generated (except for treasures discovered, from which zakah is due immediately)—i.e. when revenues accrue. Further, weekly or monthly collection can create difficulties for the payers; on the other hand, once-in-a-lifetime collection can be especially difficult for the poor. Thus, he argues, annual collection is most appropriate not only from the payers’ viewpoint but also from an administrative perspective (Ibn Qayyim, Zad, 147–8; l’Lam, vol. 2, 92). Such prescriptions are obviously reminiscent of the “taxation canons” (convenience, simplicity, etc.) of Adam Smith.

**Prohibition of interest (usury, or riba’)**

For Ibn Qayyim, as with all Jewish, Christian and other Islamic Scholastics of the medieval period, prohibition of interest (viewed synonymously with usury) is absolute, as per the scriptures, some arguments (aside from “sinfulness”) being the possibility of economic exploitation and injustice in transactions. This prohibition is quite clear with respect to the “extra” or
“excess” (*riba’*) charged in conventional borrowing-lending transactions. Such transactions involved the payment of interest against time (“open interest”, or *riba’ al-jali*) and were quite common among the pre-Islamic pagan Arabs. Islamic scriptures clearly prohibited such practices.

Besides the prohibition of conventional interest, Islamic scholars, based on the Traditions (*hadith*) of the prophet Muhammad, have generally concluded that any disguised forms of interest (*riba’ al-khafi*) arising in barter transactions are also forbidden. It might be noted that similar arguments as to what is or is not acceptable “scripturally” were also developed by St Thomas Aquinas, as by Al-Ghazali two hundred years earlier (Pribram, 15; Dempsey 1965, 139; see also Ghazanfar and Islahi 1991, 1992).

First, interest in disguised form (*riba’ al-khafi*) can arise in two ways: when, as per an *hadith* attributed to the Prophet, there is exchange of “gold for gold, wheat for wheat, barley for barley, dates for dates, and salt for salt”, etc., but with differences in quantity or time of delivery; one who demanded extra or paid extra has indulged in interest. Thus *riba’ al-fadl* (interest due to extra payment) is defined as charging extra quantity in barter exchange of the same commodity, as, for example, selling or buying one bushel of wheat against one and a half bushel of wheat. The point is that, strictly according to the ruling against *riba’ al-fadl*, exchange of dates should be in exactly equal quantity; but exchanging by approximation (as when there is some difference in quality), which is more likely to involve inequality, may be acceptable. And, *riba’ al-nasiah* (or interest due to late payment or delivery) is defined as barter exchange of certain commodities for the same or similar commodities in which one commodity is handed over instantly while the other is delivered at a later date. Both represent situations of barter that involve exchange of unequals by way of quantity or time of delivery. As precautionary measures, both are forbidden in order to prevent the possibility of exploitation and of wrongfully acquiring others’ property. However, *riba’ al-fadl* may be permissible under certain circumstances, for example, when exchange is between the same types of commodities (metals, such as gold and silver; or foodstuffs, such as wheat and barley).

Ibn Qayyim discusses these arguments in considerable detail. He talks in terms of “open” (*riba’ al-jali*) and “disguised” (*riba’ al-khafi*) interest—the first refers to conventional interest mentioned above, and the second refers to the aforementioned two types that may arise in barter transactions. As indicated, the latter two types are prohibited as a precautionary measure. However, he concluded that anything prohibited as a precautionary measure may yet be permitted for the sake of a higher social good (*al-maslahah al-rajihah*) (Ibn Qayyim, *l’Lam*, vol. 2, 135–42). Thus he argued that the sale and purchase of gold or silver ornaments with gold or silver (bullion) could be permitted, despite inequality in weight. If such transactions (which imply *riba’ al-fadl*) were prohibited, people would face enormous difficulties (Ibn Qayyim, *l’Lam*, vol. 2,140). Further, he would allow such exchange, for gold
and silver, after their transfer into ornaments, become goods; and then there was no question of interest in the sale of goods for payment (Ibn Qayyim, l’Lam, vol. 2, 141–2). In other words, inequality is permissible when goods with gold or silver ingredients are exchanged, but not when minted coins made from gold (dinars) and silver (dirhams) are exchanged.

Commenting further on the two types of “disguised” interest, Ibn Qayyim observes:

If people were allowed to exchange food grains on credit, no one would do so except when it was profitable and they would not sell their goods straightaway, preferring to wait for a profit later on. Thus, the needy would hardly be able to get the foodstuffs of their choice, because so often exchange takes place in barter [i.e. one kind of food grain for another] and cash is not used much—especially in the rural areas. So it was wise and merciful of the Law-giver to prohibit deferred payment in exchange of foods as he has done in the case of precious metals.

(Ibn Qayyim, l’Lam, vol. 2, 138)

Ibn Qayyim’s argument deserves careful note. The prophet Muhammad prohibited deferred delivery by one of the parties in such cases, though he allowed inequality in the quantity of food grains exchanged, provided they were different in kind (for example, wheat for barley). Had deferred delivery been allowed, the inequality would, in all likelihood, become a function of the time allowed to the other party, thus partaking of the essential feature of interest: increase in value due to increase in time allowed.

It may be noted that early discussions on interest rate by Arab and Latin Scholastics, as well as their Greek predecessors, tended to be couched in terms of precious metals and foodstuffs. Ibn Qayyim provided an explanation for this. He stated:

The secret behind the prohibition of unequal exchange of the same kind of precious metals is that their purpose of “moneyness” (tibaniyyah) will be destroyed; and the reason behind the prohibition of unequal exchange of the same kind of foodstuffs is that it will destroy their purpose of serving as diet.

(Ibn Qayyim, l’Lam, vol. 2, 140)

That is, foodstuffs represent the most important basic need of humankind. And the two precious metals are meant for the purpose of facilitating exchange of goods and services, including foodstuffs—i.e., in contemporary terms, to serve as a medium of exchange. If unequal exchange of the same commodities was to be allowed, their natural purpose would be distorted and hoarding would be encouraged; and, further, these commodities would
not be readily available for the purpose for which they were naturally intended (i.e. metallic coins).  

**Market mechanism and need for public-sector intervention**

As a student of Ibn Taimiyah, Ibn Qayyim followed and adopted many of the teachings of his mentor. Especially in his book *al Turuq al Hukmiyah*, he has discussed essentially the same economic issues that Ibn Taimiyah pursued in his book, *Al-Hisbah fi-Islam*. Thus Ibn Qayyim subscribes to his master’s views as to the operations of the markets through forces of demand and supply, functioning in an orderly manner in which knowledge, honesty, fair play and freedom of choice represent essential ingredients. Like Ibn Taimiyah, he stresses the importance of the profit motive for entrepreneurs. Thus he says:

> No jurist will allow public authority to dictate to the sellers and ask them to sell their goods at a certain price without considering whether or not they (the sellers) earn a profit and without considering the cost at which they bought (or produced) those goods. There will be no justice in so doing. Further, no public authority should force sellers to sell their goods at a price which is equal to or below their own purchase (or production) costs.

*(Ibn Qayyim, *al Turuq*, 255)*

However, if market imperfections prevail, then public-sector intervention may be essential, in the form of an administrative institution called *hisbah*—a term that is not found in the Holy Qura’an, but whose functions and goals, however, are attributed to the Islamic scriptures. *Hisbah* represented an institution through which a number of economic activities, not otherwise conducted in the public interest through the free play of markets, were supervised and administered by the *muhtasib*, a kind of grand “auditor-general” or “ombudsman” (for details see Ghazanfar and Islahi 1992; Holland 1982). Following his mentor, Ibn Qayyim elaborated the idea of the “equivalent” or “just price”. For him, as for Ibn Taimiyah as well as the Latin St Thomas Aquinas, just price (“prevailing price” with Al-Ghazali) was the normal (natural, equilibrium) price established by the free play of markets, i.e. demand and supply forces (Ibn Qayyim, *Al Turuq*, 244–5). If markets lead to deviations from the just price, then public-sector intervention may necessitate price controls and regulation. Similarly, he talked of just compensation, just wage and just profits. The word “just” reflected not only a positive standard established through market forces, but also a normative gauge that maintained fairness governing relationships in transactions among individuals. It is this type of commutative (*commutatio*, or transaction) justice (“morality of buying and selling” and similar exchanges) that was the main focus of economic analysis emanating from
St Thomas Aquinas and other Latin schoolmen (Gordon 1975, 158). For the Arab-Islamic Scholastics (for example, Al-Ghazali, Ibn Taimiyah and others) this notion of “fairness in market transactions” formed the basis of administrative guidelines and regulations on the part of the authorities to protect the general public from possible exploitation (Ibn Qayyim, al Turuq, 248). As with Ibn Taimiyah, Ibn Qayyim’s position is between the two extremes of absolute prohibition and unconditional state regulation of prices. He does not favour price control when competitive markets effectively perform their tasks. However, he recommends price regulations if and when elements of monopoly or other market imperfections emerge, to the detriment of social well-being (Ibn Qayyim, al Turuq, 245, 247).10 It may be noted, however, that while the notion of commutative justice is implied in Ibn Qayyim’s emphasis on fairness and “morality” of market exchange in individual-to-individual transactions, the goal of distributive justice (a “comm-unity’s obligations to individuals”, as Gordon calls it; see Gordon 1975, 158) is to be pursued by other social institutions of public charity, in particular the institution of zakah.

A few remarks concerning the institution of hisbah are appropriate. Hisbah is defined as the exercise of administrative control over members of the society in order to ensure that they observe what is “good” (al ma’ruf) and avoid what is “bad” (al munkar). This control particularly relates to those activities which otherwise might not fall under the authority of other public officials (Ibn Qayyim, al Turuq, 236–7). The scope of hisbah extended beyond economic matters; it also encompassed moral and spiritual concerns, as well as the supervision of social and civil works. Ibn Qayyim, like Ibn Taimiyah, has especially emphasized that some economic activities be subject to the administrative control of hisbah. Some specific areas included the following:

(a) supply and provision of necessities;
(b) supervision of industries, trade and other services (standardization, arbitration and minimum wages, services of professionals such as physicians, teachers, etc.); and
(c) supervision of trading practices (weights and measures, product quality, enforcing laws against hoarding, usurious and other forbidden practices) (Ibn Qayyim, al Turuq, 240–4).11

Concluding remarks

Based on Ibn Qayyim’s original writings, we have explored and presented some aspects of the economic thought of this well respected fourteenth-century Arab-Islamic Scholastic. Writing several centuries before the European classical economists, Ibn Qayyim was the product of an era when man, not matter, was the measure of all things, and economic concerns were secondary—the ultimate aim of all human endeavours being one’s salvation. Such were the
underlying assumptions of medieval scholarship generally, whether Arab-Islamic or Latin-Christian.

It is fair to state that while Ibn Qayyim wrote on a variety of economic issues, his works generally lacked the depth, analytical rigour and comprehensiveness that one finds in the writings of his mentor Ibn Taimiyah. Unlike the asceticism preached by Sufism, Ibn Qayyim emphasized the pursuit of economic activities and argued in favour of acquiring wealth and avoiding poverty, for wealth can enable the pursuit of many religious obligations as well, which otherwise would be difficult to fulfil. He did not, however, discuss the means and methods of generating wealth.

Ibn Qayyim also discussed some aspects of the Islamic institution of public charity, zakah. In pointing out the economic significance of zakah, he suggests that the rate is inversely related to the labour content of “zakah-able” properties—a feature that is conducive to promoting incentives as well as equity.

As for the prohibition of interest (usury), while Ibn Taimiyah also discussed the economic issues relevant to various forms of “disguised” interest possibilities, Ibn Qayyim provided much greater detail; and in this respect, the latter’s contributions surpass that of his mentor.

Finally, while Ibn Qayyim (nor, for that matter, any other Scholastics of the era) never uses terms such as “competitive”, or “free market”, like many of his contemporaries he is committed to the “voluntariness” of market-exchange forces, functioning within the moral-ethical bounds as prescribed by the Islamic scriptures (see note 4 below). However, he would favour public intervention if market imperfections were seen to be working against the well-being of society. Thus public-sector intervention may be warranted to ensure proper provision of goods and services (especially foodstuffs and other necessities) in order to promote social welfare and minimize exploitation. In addition, Ibn Qayyim discusses the efficacy of the institution of hisbah—historically a rather significant and common practice in the Islamic world. The explicit purpose of this institution, given the Islamic scriptures, is intended (among other things) to be the administration and supervision of economic activities in the public interest—“to promote what is good and to forbid what is evil”.

It is to be further noted that Ibn Qayyim wrote at a time when economics as a science, or even as a separate discipline, had not yet emerged. Yet his insights and commentaries on numerous economic issues, laced as they are with the religious-moral-ethical considerations of the era, are rather impressive. Further, while none of the medieval Scholastics, whether Arab-Islamic or Latin-Christian, discussed their economics in terms of the self-regulating market economy of more recent times, Ibn Qayyim developed several economic concepts that are similar to those found in the contemporary literature. In that sense, indeed, Ibn Qayyim deserves to be acknowledged as among the pioneers of modern economic thought.
Notes

1 This paper first appeared in *History of Economic Ideas* (Italy), vol. 3, no. 1, 1997; pp. 7–25. The authors gratefully acknowledge useful comments by colleagues at a faculty seminar and by S. Todd Lowry of Washington and Lee University, who read the paper. Thanks are also due to a faculty colleague, Fouad Bayomy, for some Arabic-to-English translation assistance. Any shortcomings remain the authors’ responsibility.

2 Schumpeter might well have reflected an institutionalized, cultural phenomenon concerning Arab-Islamic scholarship, aptly described by Norman Daniel as “a cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel 1975, 87). In the same vein, with regard to Western attitudes toward Arab-Islamic thought generally, Montgomery Watt says: “the difficulty is that we are the heirs of a deep-seated religious prejudice which goes back to the ‘war propaganda’ of medieval times”. He further adds: “yet we should not allow ourselves to forget that we are not wholly freed from the entail of the past” (Watt 1979, iv).

3 To be sure, also present during these centuries was the particular influence of an Arab-Jewish scholar, Moses Ben Maimon (1141–1204AD), known as Maimonides, “the product of that radiant interlude in history, the Golden Age of Moorish Spain...where Arab (Islamic) and Jewish scholars influenced the course of medieval and modern intellectual history” (Bratton 1967, vii). The influence upon Maimonides of his “Moorish” cohorts, especially Al-Ghazali, is well recognized (“He influenced deeply the greatest of Jewish philosophers, Maimonides”—Artz 1953, 147; see also, for example, Myers 1964, 42–3; Farsi 1963, 156–9).

4 The fact that Ibn Qayyim and numerous other medieval Arab-Islamic and Latin Scholastics, as well as their Greek and Roman predecessors, did not discuss economic issues in terms of the formal analysis evident with more recent scholars, must not persuade one to diminish or dismiss their contributions. Doing so would be, in the words of Polanyi, tantamount to compounding “two meanings that have independent roots. We will call them the substantive and the formal meaning...The latter derives from logic, the former from the fact.” In making the distinction, Polanyi states: “It is our proposition that only the substantive meaning of economics is capable of yielding concepts that are required by the social sciences for an investigation of all the empirical economies of the past and present” (Polanyi 1968, 139–40).

5 “Wahhabiya” is a reference to the followers of the most prominent Islamic reformer of the eighteenth century, Muhammad bin Abd Al-Wahhab (d. 1792), whose ideas have been influential in contemporary Saudi Arabia. Almost all historians recognize the deep impact of the works of Ibn Taimiyah and Ibn Qayyim on Al-Wahhab.

6 The accompanying Bibliography enumerates various Arabic-language works consulted, along with the approximate English translation of each title. It may be noted, however, that the English translations do not always capture the essence of the original Arabic titles—something that is often true when translating from one language to another.

7 The word *shariah* literally means “The Way”—the comprehensive code of Islamic way of life, including the secular and the sacred, based on two main sources: the Holy Qura’an and *Sunnah* (Traditions, or *hadith*), but further evolved through interpretations based on *ijma*’ (consensus) and *qiyaṣ* (analogy or reasoning on the basis of similar circumstances). There are four rather compatible schools of thought within *shariah* (equivalently, Islamic jurisprudence, or legal system, or *fiqh*—more comprehensive, though comparable to Christian canon law). They evolved during early Islamic history, and are named after the chief architect of each. Chronologically, they are Hanifi, Maliki, Shafi’i and Hanbali. These jurists sought to answer every conceivable question and organized their findings into
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several categories—political, economic, judicial, social, family, spiritual, and so forth. Further, all human activities are grouped into five broad categories:

1. obligatory (fard)
2. recommended (mandub)
3. acceptable (mubah)
4. disliked (makruh)
5. forbidden (haram)

Particularly concerning economics, the shariah guides in three ways:

1. a set of basic values, hudud Allah (“the boundaries of God”), motivates and delineates the area of permissible economic activities;
2. along with these values, general guidelines are provided to guide the exercise of human freedom in the sphere of economic activities; and
3. a set of divine ordinances is delineated, specifying actions to promote social welfare. See Rauf (1979) for more details.

There is voluminous literature on this subject, available in English as well as other languages, and the interested reader may wish to explore further. See, for example, Rehman (1979); Levy (1962); Khaddury and Liebesny (1955).

It should be apparent that there is considerable room for debate and controversy on the topic of interest, even among Islamic scholars, historically as well as contemporaneously. For further details, see, for example, Qureshi (1946) and Khan (1985).

Some Islamic scholars refer to the following verse of the Holy Qura’an to suggest the origin of the hisbah institution: “Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong. They are the ones to attain felicity” (Holy Qura’an, sura 3, verses 149–50). Also there are some supportive Traditions (hadith) of the prophet Muhammad.

In the current context, it is useful to present some insights by S. Todd Lowry as to the emergence of the free market philosophy. Thus:

It is true that the Greeks failed to notice the invisible hand of the market and instead, approach efficiency, distribution, economic organization, and individual and public utility from ethical, jurisprudential and ultimately, administrative perspectives. This approach to economic questions was in fact the dominant one throughout most of recorded human history, with market-oriented economic analysis a very recent development.

Indeed, the concept of hisbah is part of that administrative approach that prevailed in the medieval Islamic civilization. Lowry further argues that even Adam Smith’s eclecticism included elements of both the nascent market as well as the age-old administrative traditions (Lowry 1987, 249). And, according to Lowry, the invisible hand concept “is the 18th century discovery of the rational resource-allocating capacities of the self-regulating market system” (240). And referring to that concept elsewhere in the same source, he argues that such “eighteenth-century naturalism…shaped an economic methodology in which the market mechanism is viewed as the only ‘natural’ regulator of economic transactions, a postulate which would have been unintelligible in the medieval times” (249).

See Ghazanfar and Islahi (1992) on Ibn Taimiyah for more detailed discussion on the origin of the institution of hisbah, as well as similarities to the Greek agoranomos and Roman aedile (terms comparable to the Arab-Islamic muhtasib); see also Holland (1982).
10
MEDIEVAL ISLAMIC
SOCIO-ECONOMIC THOUGHT

Links with Greek and Latin-European
scholarship

S.M. Ghazanfar

Introduction

Our purpose in this paper is threefold. First, we shall briefly document what is almost a truism—that is, the classical (especially the Greek) intellectual heritage of the Arab-Islamic scholars upon which the latter, imbued by their young faith, developed their own comprehensive synthesis. Second, as part of that synthesis, we shall explore briefly the economic thought of a few early medieval Arab-Islamic Scholastics who extended that heritage and wrote on numerous issues of human concern, including economics. Those discourses took place during what is sometimes called the “Golden Age” of Islam—a period that coincided roughly with the so-called Dark Ages of Europe. Parenthetically, it might be noted that one of the twentieth century’s most prominent economists, the late Joseph Schumpeter (1883–1950), had, unfortunately for the continuity and evolution of human intellectual tradition, declared that period as the “Great Gap”, representing “blank centuries”, during which nothing of significance to economics, or for that matter to any field, was said or written anywhere—as though there was a complete lacuna over intellectual evolution throughout the rest of the world (Schumpeter 1954, 52, 74; see Ghazanfar 1991). And finally, we will provide some evidence as to the historically influential linkages between Arab-Islamic thought, including economic thought, with the Latin-European Scholastics—a phenomenon that facilitated European intellectual evolution. An underlying theme of this paper is predicated on the premise that the classical tradition (i.e. Greek knowledge, though not exclusively) is part of a long historical continuum that represents the inextricably linked Judeo-Christian and Islamic tradition of the West. This theme, though not commonly appreciated, is amply corroborated through the writings of wellknown scholars from the East and the West (see, for example, Durant; Haskins; Myers; O’Leary; Said; Sarton; Sharif; and others).
The cultural history of the Arabs virtually begins in the seventh century, which witnessed the rise of Islam and the northward expansion of Arab power—a power destined to dominate a large part of the inhabited world in the space of less than a century.

Not only did the new religion provide the Arabs with a coherent worldview and enable them to transcend the narrow confines of their tribal existence, but it thrust them upon the cultural stage of the ancient Near East, setting before them the treasures of older civilizations. The Arabs suddenly found themselves in possession of the chief monuments of ancient learning: Greek philosophy and science; Persian literary and political wisdom; Indian medicine and mathematics. This “Greek miracle” had ended during the early sixth century when Justinian closed the famous Academy of Athens in 529.

Despite the numerous political and theological tensions that inevitably arose, we can see in retrospect that the Arabs were able, throughout a period extending from the downfall of the Persian and Byzantine empires in the seventh century to the early Renaissance in the fourteenth century, to assimilate almost the entirety of ancient learning, to integrate it into their own cultural life, and to raise the level of knowledge in the fields of mathematics, medicine, astronomy and philosophy to unprecedented heights. In fact, they served for almost half a millennium as the sole custodians of Greek and other ancient learning, at a time when Western Europe was plunged in semi-darkness, having severed all but the most tenuous connections with the cultures of the ancient world.

The Greek heritage

What were the methods and motivations for the transmission of Greek philosophy and science to the Arabs? Philosophy, the disinterested and relentless search for truth through reason, is essentially a product of the Greek genius. However, the story of its wanderings across the international borders of the ancient and medieval worlds is one of the most fascinating chapters in the cultural history of humankind.

The conquest of the Near East by Alexander the Great in the fourth century BC, and in particular the founding of Alexandria in 332 BC, set the stage for the eastward migration of Greek philosophy and science. Its capture by the Arabs ushered in a period of Arab cultural domination in the Near East that lasted almost five hundred years. Alongside Alexandria, however, other centres of Greek learning in Syria, Iraq and Persia (such as Antioch, Harran, Edessa and Jundi Shapur) also served as the major channels for the transmission of learning to the Arabs.

The Umayyad caliphs (661–750) did little to advance the process of cultural assimilation, though there is some contrary evidence, as demonstrated by intense dialectical activity among different groups of theologians during this
period at Basrah and Damascus. With the succession of the Abbasid dynasty (749–1258), however, the capital of the Muslim empire moved to Baghdad, and the first known translations of Greek and Indian works on medicine, astronomy and mathematics were undertaken. But the most determined and systematic attempt to acquire and translate the chief monuments of Greek philosophy and science were initiated in the reign of al-Mamun (813–33). In 813 al-Mamun established the House of Wisdom (Baiyt al-Hikma), a centre of research and translation that was staffed with Jewish, Christian, Muslim, Zoroastrian and even Hindu scholars; and al-Mamun himself would participate in the deliberations. Its first head was the court physician and scholar Yuhanna bin Masawayh, teacher and mentor of Hunayn bin Ishaq (d. 873). Hunayn was the greatest scholar in the entire history of the translation movement in the Islamic world, and one of the outstanding intellectual figures of his age. Improving on the translation procedure initiated by his predecessors, he placed it on a sound scientific footing. The group of scholars who worked under his supervision included his son Ishaq, his nephew Hubaysh and his disciple Isa bin Yahia. His translations included not only the complete medical works of Galen, the Alexandrian physician and philosopher, but also Galen’s paraphrases of Plato’s Sophistes, Parmenides, Cratylus, Euthydemus, Timaeus, Statesman, Republic and Laws.

In addition, Hunayn made Arabic or Syriac versions of the following Aristotelian treatises: Categoriae, Hermeneutica, part of the Analytica Priora, part of the Analytica Posterioria, De generatione et Corruptione, De Anima, Metaphysica L. and Physica B. In many cases he translated the Greek text of Aristotle into Syriac, which was then rendered into Arabic by one of his associates. In this way, Hunayn and his team were able to translate into Arabic the complete medical works of Hippocrates and Galen and almost all of Aristotle, and were responsible also for most of the Arabic translations of Plato’s work.

The roster of translators included, in addition to Hunayn and the members of his school, such distinguished figures as Ibn al-Himsi (d. 835), translator of Aristotle’s Theology; Qusta bin Luqa (d. 912), Hunayn’s only equal in vastness of learning and mastery of Greek; and Abu ‘Uthman ad-Dimashqi (d. 901). There was also Al-Kindi (d. 873), the first genuine Arab-Islamic philosopher, who translated and directed the translation of many Greek works. The age of translation for the Arab-Islamic world extended over one hundred and fifty years, from about 750 to 950AD. The Arabs received much from the Persian, Indian and Greek sources, the last being the most significant; and they added greatly to this cultural treasury in the next five hundred years of their cultural and intellectual ascendancy.

**The impact**

The introduction of Greek philosophy had a far-reaching impact on Islamic intellectual and cultural life in the ninth century. First, it generated the urge...
to humanize the Islamic and Arab conceptions of man and his relation to God and the universe, by bringing the Islamic precepts of right and wrong into line with the universal principles of ethical and social conduct espoused by Socrates, Plato, Aristotle, Zeno and Plotinus. Second, it gave fresh impetus to the scholarly examination of dogma, a process started at Damascus as a result of contacts with such Christian theologians as St John of Damascus (d. c. 724) and his disciples, who had been influenced by Greek rationalism as early as the rise of Christianity. Third, it brought the Arabs into the mainstream of world culture, as was demonstrated by the subsequent transmission of Graeco-Arab philosophy and science to Western Europe in the twelfth century.

In addition, however, the role played by the Greek spirit of inquiry was to generate a bipolar reaction of great significance, which later also surfaced in Latin Europe. The most critical division was between the “Hellenization of Islam” by the neo-Platonist school (Al-Kindi, d. 873; Al-Farabi, d. 950; Ibn Sina, d. 1037; and Ibn Rushd, d. 1198), which sought to scrutinize revelation through philosophical rationalism, and the more conservative theologians, who viewed philosophy as a threat to orthodoxy that would render the scriptures superfluous, and as a foreign import rooted in paganism and thus irreconcilable with Islamic doctrines.

It was not until the eleventh century that the Graeco-Arab neo-Platonists faced a colossal challenge from Abu Hamid Al-Ghazali (1058–1111). Al-Ghazali’s aim was to “Islamize Hellenism” and to demonstrate the internal “incoherence” (tahafut) of the philosophers. For him, “philosophy, science and reason was second to faith and revelation”. His attempt at reconciliation appeared in his treatise, Tahafut al Falasifah (The Incoherence of Philosophers). Subsequently, as Arab-Islamic scholarship reached medieval Europe, there were similar battles between the more liberal Franciscan monks and the conservative Dominican order, which “threatened the liquidation of Christian theology” (Durant, 954). Indeed, the works of Ibn Sina and Ibn Rushd were often condemned and banned from circulation. Nevertheless, these two giants of Graeco-Arab philosophy provided the foundation on which later scholars were to build their edifice, along with the great synthesis provided by Al-Ghazali. In Latin-Europe, these writers were the basic inspiration for such Scholastics as Duns Scotus, Albertus Magnus, Raymond Lull and the greatest of schoolmen, St Thomas Aquinas.

**Arab-Islamic economic thought: a glimpse**

So far we have briefly sketched the classical heritage of the Arab-Islamic intellectual evolution. Medieval economic thought, as elucidated by the Arab and European Scholastics, presents in many respects an unbroken continuity with the Greeks. Their discourses on all issues, including economics, owe a heavy debt to the Greek thinkers—Socrates (469–399BC), Xenophon (430–
but especially Plato (427–347 BC) and Aristotle (384–22 BC), who wrote during a scant one hundred and fifty years that transformed world civilizations for ever.

A substantial body of Greek economic thought was subsequently integrated into and further refined by the Arab-Islamic scholarship, as the latter attempted to build its own structure of social thought, inspired and bonded by their young faith. The Islamic scriptures, in emphasizing the importance of the “secular” along with the “sacred”, enjoined its followers to pursue economic activities as part of one’s “calling”. Thus the scriptures provide discussion and guidelines on such economic issues as:

1. the right to private property;
2. the emphasis on earning a livelihood, work and enterprise;
3. the pursuit of private profit and wealth;
4. the obligation of the rich and the rights of the poor; and
5. the state’s role in social welfare.

Motivated by the “calling”, “Muslim writers of this period tend to be more sympathetic to mercantile activity than those of Christian Europe…and much of early Islamic literature was in fact written in a mercantile environment” (Cook, 226).

The Greek economic thought, like that of other “pre-capitalistic” civilizations, is to be found in legal codes and in religious and philosophical writings. The Socratic philosophers intertwined economics with philosophy, ethics and politics, as did, of course, the Arab-Islamic and Latin-European Scholastics. Because all of these scholars viewed economic problems as basically ethical problems, there is a strong moral and even ascetic strain in Greek economics. In order to understand the economic tenets of the Arab-Islamic and Latin-European Scholastics, it is necessary to briefly examine Greek economic thought.3

Plato, in his Republic, talks in terms of a utopia, where philosophers would rule, and private property and the family would be abolished. He argues that the development of specialization and exchange would lead to the creation of the city-state. He points out that the division of labour is a result of the inability of individuals to satisfy their manifold wants. Yet he demonstrates the disadvantages of self-sufficiency, giving rise to the need for exchange and eventually the need for a state to ensure social order.

The more significant Greek contribution to economic thought, however, was that of Aristotle, Plato’s pupil. The Politics and Nicomachean Ethics volumes contain much of Aristotle’s discourse on economic questions—such as exchange, division of labour, money, interest and usury. Human needs, Aristotle said, were moderate, but desires were limitless. Hence the production of commodities to satisfy needs was right and natural, whereas the production of goods to satisfy unlimited desires was unnatural. If a market exchange is in the form of barter it is made to satisfy natural needs
and no economic gain is intended. Exchange using the medium of money, however, suggests that the objective is monetary gain, which Aristotle condemns. Further, unlike his master, Aristotle believed that relatively unregulated private ownership of property served a useful function in society. His apparent inconsistency in condemning the pursuit of economic gain while endorsing the right to private property especially troubled the Latin-European moral philosophers until the sixteenth century. Because control by the state was a part of every person’s life, many Greek thinkers, especially Plato, had leanings toward socialism. The word “economics”, from the Greek oikonomia, is etymologically “management of the household”, and Aristotle’s predecessors had analysed all economics as “matters of the household”. This Greek doctrine inspired not only Arab-Islamic philosophers but, consistent with their own secular “calling”, it also stimulated considerable discussion and commentaries on economic aspects of life. A survey of the relevant literature enables one to identify numerous prominent Arab-Islamic scholars (both from the Islamic East and West)—Al-Kindi (801–73), Al-Farabi (870–950), Al-Beruni (973–1048), Ibn Sina (980–1036), Al-Ghazali (1058–1111), Ibn Rushd (1126–98), Al-Tusi (1201–74) and others. As with all the Scholastic writers, their primary focus was not the domain of economic aspects of life. Indeed, a “segmented” treatment of any discipline would hardly have been compatible with the prevailing “holistic” principle of learning. Further, within the religious-ethical system of Scholastic jurisprudence, whether Islamic or Christian, the assumption always was that all behaviour, including economic life, is teleological, in that its ultimate aim is God and salvation.

It is worth noting, as an aside, that the Greeks as well as the medieval Arab-Islamic and Latin-European Scholastics never visualized solutions to economic problems strictly through the functioning of the free market, “invisible hand” approach. Administrative control through public policy and social intervention was always advocated in order to ensure social well-being and common good.4

As to the issue at hand, we present below the “synopses” of the economic thought of a few selected Arab-Islamic scholars; more detailed content of the economic thought of some of these scholars is available in other published works (see Ghazanfar and Islahi 1990, 1992; Spengler 1964). Of course, Greek economic thought loomed large in the writings of some of these scholars; and some would even quote “Aristoo” (Aristotle), “Suqraat” (Socrates) and “Aftaunt” (Plato or Plotinus?). From a list of at least thirty over the period 700–1400AD, four “representative” names whose commentaries on economic issues could be readily available are:

1 Abu Yousuf (731–98)
2 Ahmed Bin Hanbal (780–855)
3 Abu Hazm (d. 1064)
4 Al-Ghazali (1058–1111)
Abu Yousuf (731–98) The main point of this scholar’s works, as that of several others, related to the economic responsibilities of the rulers; thus, much of Abu Yousuf’s discussion pertained to agricultural relations and taxation. He preferred the state taking a proportion of agricultural produce from the farmers rather than levying a fixed rent on land. This, he thought, was more equitable and more conducive to large revenue by facilitating expansion of the area under cultivation. Further, he states certain principles of taxation which anticipate those discussed by the classical economists centuries later—often called the “canons of taxation”. The ability to pay, taxpayers’ convenience and also tax administration issues are discussed by Abu Yousuf. He also discusses the need for developing socio-economic infrastructure (roads, bridges, canals, etc.). He emphasizes the role of free markets, within the prescribed Islamic constraints, and is against price-fixing by the authorities—though state intervention may be required to regulate the markets in order to protect society from elements of monopoly, hoarding and other corrupt practices.

Ahmed bin Hanbal (780–855) As the founder of the fourth school of Islamic jurisprudence, Ahmed bin Hanbal discussed the problems of promoting socio-economic welfare (maslaha) in great detail—he insisted on greater flexibility and realism concerning changing economic issues. He talked in terms of fairness of market competition, such that monopolies would not emerge—in which event state intervention might be necessary. He also talked of granting maximum freedom of contact and enterprise, and in that context he would allow conditions attached to contracts, something generally disallowed by the other schools.

Abu Muhammad bin Hazm (d 1064) Abu Hazm was a great jurist with a unique approach to Islamic law which rejected analogical reasoning. With a clear perception of the state’s collective responsibilities, he discussed various means to removing poverty and securing socio-economic justice through redistribution. Further, he was the only scholar among the four schools of Islamic jurisprudence who prohibited the renting of agricultural land; he thought the owner should either cultivate land himself, or he should enter into a sharecropping arrangement with another. Thus some have labelled him as socialistic. It should be noted, however, that the majority opinion in Islamic jurisprudence allows renting of agricultural land.

Abu Hamid Al-Ghazali (1058–1111) “[T]he greatest Muslim after Muhammed, and...certainly one of the greatest” (Watt 1964, vii). Up to the thirteenth-century advent of the European Scholastics, Al-Ghazali is about the most prominent scholar to discuss economic issues extensively; in fact, a large section of his foremost classic, *Ihya Ulum al-din* (Revival of the Religious Sciences), is devoted mainly to economic issues, such as
voluntary market exchange, stages of production, poverty and income distribution, division of labour, trading among cities, public finance issues, principles of government for rulers, usury, barter and need for money, counterfeiting and debasement of money (preceding Nicholas Oresme, who is often credited with the origin of what later became “Gresham’s Law”), the ethics of market behaviour, and other topics. Interestingly, Al-Ghazali discussed division of labour in terms of the manufacture of needles—and seven hundred years later, Adam Smith discussed this concept in terms of a pin factory (see Ghazanfar and Islahi 1991 for details). It might be noted that, specifically, Al-Ghazali’s influence was rather critical in Aquinas’ *Summa*; his “teaching is quoted by St Thomas and other scholastic writers” (O’Leary, 208). He “was deeply influenced by Muslim philosophers, chiefly Al-Ghazali” (Sarton 1927, 914; see also Copelston, 181; Myers 1964,42; Sheikh, 109).

Apart from these four pre-Aquinas, early medieval Arab-Islamic Scholastics who wrote during the Schumpeterian “gap” centuries and whose economics has been briefly reviewed above, there are at least thirty to thirty-five other names that are identifiable during the same period. Specifically, the names of Abu Al-Raiham Alberuni (973–1048) and Nasir al-Din Tusi (1201–74) are worth mentioning. Some scholars have identified two major themes from Alberuni’s *India*:

1. in Alberuni’s writings, one may find the “whole theory of Darwinism already expounded more than 800 years before the publication of the theory of natural selection” (argued by a Russian scholar in 1943, quoted in Wilczynski, 459); and
2. he anticipates Thomas Malthus’ “population-food dilemma” by talking in terms of the law of diminishing returns (though he does not use quite those words).

In some of these discussions, Alberuni relies on Plato’s *Laws*. As for Tusi, in his *Akhlaq-e-Nasiri* (The Nasirean Ethics), he talks of a “Siyasat-e-Mudun”, meaning the “politics of cities and their economic structure”; and, as one reads in some detail, he is talking of what is now classified as “political economy”—reminiscent of the Greeks centuries earlier.

**Historical linkages: Arab-Islamic to European-Latin**

The eminent medievalist, the late George Sarton, in his book *A Guide to the History of Science* (1952), has a fascinating chapter entitled “The tradition of ancient and medieval science”. He is critical of “men of science whose retrospective insight does not go much deeper than the last century” and who have “no idea of the vicissitudes of tradition”. And, he continues, “in order to understand the true meaning of scientific tradition and its value one
has to look backward more deeply” (Sarton 1952, 17–18). Sarton then proceeds to trace the “Greek miracle of the 6th and 5th centuries”, the “miracle of creation” and “the miracle of transmission”. And, overwhelmed by the Arab-Islamic absorption and subsequent transmission of Greek classics to the West, he emphasizes “the study of Arabic as the most promising method to increase our knowledge of Greek science” (1952, 20). Moreover, this “eastern impulse...the Arab intervention literally saved Greek knowledge from being destroyed, added to that knowledge, and handed it on a silver platter to Western Christendom” (Myers 1968, 67).

Then, Sarton presents a graphical sketch of interconnecting lines, representing a “history of traditions”—Greek, Egyptian, Babylonian, Iranian and Indian, merging into the intermediate Arabic tradition. The roots of Western intellectual development, he reminds us, lie in the Arabic tradition, which was “from the 9th to the 11th century, the outstanding stream, and remained until the 14th century one of the largest streams of medieval thought” (Sarton 1952, 27). “The Arabs were standing on the shoulders of their Greek forerunners, just as the Americans are standing on the shoulders of their European ones. There is nothing wrong in that” (1952, 28). Indeed, intellectual evolution tends to be “an incessant struggle with the creation of our own and our predecessors’ minds” and it is a “process of ‘filiation of ideas’” (Schumpeter, 4). And this canvas of ideas, extending over centuries, knows no geographic or cultural boundaries, as Sarton would argue: “And if we have enough intelligence and grace we feel that we are like dwarfs standing upon the shoulders of giants.” Moreover, some of the “giants of medieval times belonged to the Arab culture”. Sarton then enumerates them (though not all are Muslims):

Al-Khwarizmi (IX-1), Al-Farghani (IX-1), Al-Battani (IX-2), Abul-Wafa (X-2), Umar Khayyam (XI-1), Al-Biruni (XI-1), Al-Farabi (X-I), Al-Ghazzali (XI-2), Ibn Rushd (XII-2), Ibn Khaldun (XIV-2), Al-Razi (IX-2), Ishaq Al-Israeli (X-I), Ali Ibn Abbas (X-2), Abul-Qasim (X-2), Ibn Zina (XI-1) and Maimonides (XII-2). This enumeration could be greatly extended.

(Sarton 1952, 28)

Now, in the context of economic thought, it is useful to refer to an excellent paper by the late Joseph Spengler, who explored the economic thought of an Arab-Islamic scholar, Ibn Khaldun (1332–1404). Spengler discovered that Ibn Khaldun’s economics “greatly transcended that present in the works of the Greeks”. And, contrary to the Schumpeterian “gap” mishap, he concluded that “one is compelled to infer...that the knowledge of economic behavior in some circles [i.e. Arab-Islamic] was very great indeed” (Spengler 1964, 304). And Spengler also provides a glimpse of some Arab thinkers who wrote during the Schumpeterian “blank centuries” and whose works (typically going far beyond economics) were available to the Latin-European Scholastics. That
LINKS TO GREEK AND LATIN-EUROPEAN SCHOLARSHIP

becomes evident from even a superficial exploration into the history of the European Renaissance, not for economic thought alone, but all scholarship in general. Obviously, that is what Sarton means when talking of the “roots of Western intellectual development” and “standing on the shoulders of giants”. His sentiments are echoed by others, as for example: “No historical student of the culture of Western Europe can ever reconstruct for himself the intellectual values of the later Middle Ages unless he possesses a vivid awareness of Islam looming in the background” (Butler, 63).

During the “dormant” European centuries, the transmission and implantation of those intellectual “roots” to Europe took several forms: travels, translations, oral tradition, trade and commerce, and cultural diffusion.

**Travels**

During the eleventh and early twelfth centuries, several Latin-European Scholastics travelled extensively to Arab countries, learned Arabic, studied the works of Arab scholars and brought back newly acquired knowledge; one such traveller was the Englishman Adelard of Bath, identified as “the pioneer student of Arabic science and philosophy in the twelfth century” (Haskins 1927, 20). During this period

many students from Italy, Spain and southern France attended Muslim seminaries in order to study mathematics, philosophy, medicine, cosmography, and other subjects, and in due course became candidates for professorships in the first Western universities established after the pattern of Muslim seminaries.

(Sharif, 1367)

These halls of new learning were established in numerous European cities such as Naples, Salamanca, Oxford, Montpellier and Paris. Further, the Council of Vienne (1311) established several schools of oriental languages, at the request of Raymond Lull (1232–1315). Lull had travelled widely in the Arab world, knew Arabic and also wrote several works in that language, with the objective of engaging in “missionary work among Saracens and Jews” (Durant, 979). Indeed, it was “in the 12th century [that] Europe discovered the wealth of Spain…and a flood of new learning poured over the Pyrenees to revolutionize the intellectual life of the adolescent North” (Durant, 909).

**Translations**

From about the tenth to the fourteenth centuries and beyond, there were translations of Arab-Islamic scholarship into Latin. “The stream whereby the riches of Islamic thought were poured into the Christian West was by translations from Arabic into Latin” (Durant, 910). This second “age of
translators' much longer than the first, took place in Spain, Italy and France. Some prominent “scholar-translators” were Adelard of Bath, Herman the German, Dominic Gundisalvi, John of Seville, Plato of Trivoli, William of Luna, Gerard of Cremona and Alfred of Sareshel, among many others; and many of these translators could read and write Arabic (see Durant; Haskins; Myers; Sharif; and others). It is such an impact which persuades Gordon Leff to describe the thirteenth century as the “century of synthesis” and to suggest that “Intellectually, the difference between the 12th and 13th century was...isolation from the Islamic world and contact with it” (Leff, 141). Further, during the fourteenth and fifteenth centuries, the European Scholastics were also indirectly influenced by the writings of their European predecessors and contemporaries, whose discourses had assimilated Arab scholarship (Crombie, 30).

The oral tradition

A third important link was through the oral tradition—something for which documentation is not as readily available. While tracing links between Arabic, medieval Spanish and European thought, Chejne argues that “particularly oral transmission was an important factor, and...this is proven by internal literary evidence in both Arabic and Western materials” (Chejne, 111). Further,

oral transmission [was] achieved by a long and permanent contact between Muslims and Christians...bilingualism in Spain was common. Eight or more centuries of such an intimate contact is, in itself, quite persuasive an argument for a cultural interaction and continuity...It is from this vantage point that more weight should be given to oral transmission, which often extended well beyond the frontiers of Spain.

(Chejne, 120)

Trade and commerce

Another channel through which economic ideas flowed to Europe was the extensive trade and commercial activities before and after the Crusades. Several writers have shown how trade was carried on with the Arab world by way of Russia to Poland, the shores of the Baltic, to Scandinavia, to north-central Europe and even to Iceland (see, for example, Cook; Draper; Heaton; Hitti). With trade came the diffusion of economic institutions and processes. “Arab money was in use in the Christian kingdoms of the north, which for nearly four hundred years had no coinage other than Arabic or French” (Hitti 1943, 144). Further, in addition to coins, numerous techniques and methods of commerce, as well as the spirit of enterprise and adventure, along with the “demonstration effect” induced by the spread of a variety of new consumer
goods to Europe, were transmitted (Cook, 219; also see Hitti 1943, esp. ch. 11). The spirit of enterprise was further nurtured by Arab-Islamic scholars for whom the Islamic scriptures mandated pursuit of economic activity.6

Diffusion of institutions

Another source of contact was through the cultural diffusion of institutions and processes into European societies, as trading and commercial links developed. Udovitch reports his discovery of a fifteenth-century commenda (a form of business contract) between a Venetian and an Arab merchant in Alexandria.7 Thus the commenda and other partnership contracts were indigenous to the Arab-Islamic world and spread to Latin-Europe through contacts with and writings of Arab-Islamic scholars and jurists. Similarly, the emergence of various other instruments and institutions facilitated the development of commerce and trade in Europe, such as bills of exchange (siftajah), letters of credit (bawala), specialized trading centres (funduq) and an early private bank (ma’una). Further, Kramers traces the emergence of the IOU document and mentions “the Arabic word sakk, from which the modern word cheque has been derived”. Kramers also traces the Arabic origin of several other commercial terms, and discusses the “manifold ways in which commercial relations led to close cooperation between Muslims and Christians” (Kramers, 102).

Thus far, we have attempted to demonstrate that opportunities were available to the Latin-European Scholastics, in the form of a vast pool of economic ideas, institutions and processes which originated and developed in the Mediterranean Arab-Islamic world, for borrowing, assimilating and further developing their own philosophical-theological-ethical discourses, including deliberations on economic issues. Yet why are there such few citations to the works of Arab-Islamic scholars in the writings of the European Scholastics? There are some obvious reasons.

First there is medieval Europe’s well-known antagonism toward the Arab-Islamic world. It is hardly an exaggeration to assert that the Crusades epitomized that attitude (see, for example, Beckingham; Daniel; Said; White). Moreover, it is also well documented that the Latin Scholastics perceived Islam and ideas of Arab writers such as Ibn Sina (Avicenna) and especially Ibn Rushd (Averroes) as threats to Christianity. The list of 219 condemnations (“Averroestic heresies”—a thirteenth-century phenomenon similar to Martin Luther’s “ninety-five theses” of 1531), published in 1277 by the Bishop of Paris, manifested those fears (Durant, 957–8). The successive waves of translations brought “the revelation and challenge of Greek and Muslim philosophies so different from the Christian that they threatened to sweep away the whole theology of Christendom unless Christianity could construct a counter-philosophy” (Durant, 949). Moreover, “Thomas Aquinas was led to write his Summas to halt the
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threatened liquidation of Christian theology by Arabic interpretations of Aristotle...indeed, the industry of Aquinas was due not to the love of Aristotle but to fear of Averroes” (Durant, 954). Moreover, Aquinas was able to overcome that “fear” by heavily relying on a rather “compatible” Arab giant, Abu Hamid Al-Ghazali (see Myers 1964, 39–40; see also Farsi, Sarton and others; see also Ghazanfar 1993).8

Further, intellectual borrowing without acknowledgement was not an uncommon practice among the Latin Scholastics and others at the time, including their Arab counterparts—for “property rights” in twentieth-century terms had not yet arrived. It is well known, however, that the Spanish Dominican monk Raymund Martin, an influential contemporary of St Thomas Aquinas, borrowed for his own books (especially Pugio Fidei) from Al-Ghazali’s works, without mentioning any references (Sharif, 1361; Farsi, 156; see also Sarton 1927). St Thomas, however, was more accommodating, for one finds references to Avicenna (Ibn Sina), Averroes (Ibn Rushd) and Algazel (Al-Ghazali) in several of his works—and he even acknowledges this debt (Smith, 220). In the words of Myers, however, the European Scholastics “discarded (what) conflicted with Christian teaching and adopted those that appeared to them reconcilable”. Further, Albertus Magnus and his pupil St Thomas made it “the goal of their lives to reconcile Aristotelian and Moslem philosophy with Christian theology” (Myers 1964, 16).

It might be parenthetically noted that a recent scholar of the history of economic thought who very scantily departs from the unfortunate Schumpeterian mishap is Karl Pribram (1877–1973). While tracing the European Renaissance and discussing the “disintegration of Thomistic reasoning”, he mentions “two significant streams” of influence:

One stream originated in Italian cities, which in the wake of the Crusades had established relations with the traders of the Near East and had adopted various institutions and devices which were at variance with the rigid pattern of the medieval social and economic organization. The other, far more important, stream started within the body of Scholastic theologians, who derived their intellectual armory from the works of Arab philosophers.

(Pribram, 21)

More significantly, an eminent contemporary scholar, Todd Lowry, whose own voluminous writings suggest discomfort with the Schumpeterian mishap, has been keen to encourage explorations into Arab-Islamic economic thought during the “blank” centuries. He is among the few in the profession who acknowledges that “the medieval Europeans got their Greek economics served on an Islamic plate” (Lowry, letter to the author, 22 August 1990); of course, that “plate” was garnished substantially by Arab-Islamic scholarship—and not merely “transmitted” untouched; and it covered a wide range of intellectual endeavours,
Our primary purpose in this paper has been to provide some evidence of the linkages between three historically major civilizations: the classical Greeks, Arab-Islamic culture during its “Golden Age”, and Latin-Europe during its early Renaissance. While our discussion is skewed toward economic thought, clearly those links encompass almost all aspects of intellectual evolution.

The Arab world, having discovered the ancients soon after the emergence of Islam as the latest revival of Abrahamic monotheism, found Greek philosophy to be an important bridge—though rough and controversial—in its attempts to reconcile the sacred and the secular, faith and reason. The Arab-Islamic scholars inherited the scientific tradition of antiquity; and they preserved it, elaborated it and finally passed it to Latin-Europe. Moreover, “they did not simply transmit ancient knowledge; they created a new one. In fact, it was the most creative movement of the middle ages to the fourteenth century” (Myers 1968, 64).

Thus there is hardly any Arab-Islamic scholar of the Middle Ages whose writings do not provide clues of the direct or indirect influence of the Greek philosophers, though often submerged beneath the greater Islamic scriptural and philosophic foundations. Similarly, and much more significantly for the “continuity of traditions”, the scholarship of the Arab-Islamic “giants” is distinctly visible in the work of almost all medieval (and even later) Latin-European scholars.9 The list is almost endless: Robert Grosseteste, Alexander of Hales, Albertus Magnus, St Thomas Aquinas, Duns Scotus, Marsilius of Padua, St Bonaventura, Roger Bacon, Richard of Middleton, Nicholas Oresme, Joannes Buridanus, Siger of Brabant, John Peckham, Henry of Gant, William of Occam, Walter Burley, William of Auvergne, Dante Alighieri, Blaise Pascal and others (see, for example, Afnan; Callus; Copelston; Crombie; Durant; Hammond; Harris; Leff; Myers; Sarton; Sharif; Sheikh). The well-known early twelfth-century Englishman Adelard of Bath often proudly acknowledged this debt—“trained (as he says) by Arab scientists” (Stiefel, 71): “I was taught by my Arab masters to be led only by reason’, he says, ‘whereas you were taught to follow the halter of the captured image of ancient authority’” (Stiefel, 80). His reference is to the authority of the church.

Indeed, such historical linkages form the basis for the argument that Western civilization is a continuation of the monotheistic Jewish-Christian and Islamic tradition, mediated and transformed by centuries of “pagan” classical intellectual plethorae. As Philip Hitti puts it:
Between the middle of the eighth and the beginning of the thirteenth centuries, the Arab speaking peoples were the main bearers of the torch of culture and civilization throughout the world, the medium through which ancient science and philosophy were recovered, supplemented, and transmitted to make possible the renaissance of Western Europe.

(Hitti 1943, 146)

And, “That network, Oriental-Greek-Arabic, is our network” (Sarton 1952, 28). Yet it is unfortunate that Montgomery Watt should have to assert:

For our cultural indebtedness to Islam, however, we Europeans have a blind spot. We sometimes belittle the extent and importance of Islamic influence in our heritage and sometimes overlook it altogether...To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)

Elsewhere, he pleads:

Because Europe was reacting against Islam it belittled the influence of Saracens and exaggerated its dependence on its Greek and Roman heritage. So today an important task for us...is to correct this false emphasis and to acknowledge fully our debt to the Arab and Islamic world.

(Watt 1972, 84)

And another scholar suggests that “It is an anachronism to project into the Western Middle Ages the contempt for the Near East that has characterized the Occident in more recent centuries” (White, 4). George Sarton would concur.

Notes

1 This paper first appeared in Humanomics, vol. 13, nos. 3–4, 1997; pp. 33–60; special volume entitled “Comparative Political Economy”, published by the Centre of Humanomics, University College of Cape Breton, Sydney, Nova Scotia. An earlier version of the paper was presented at the ninth Annual International Conference on Socio-Economics, Geneva, July 1996.

2 There are numerous sources which abundantly document the classical heritage of Arab-Islamic scholarship. We have relied for some of this discussion primarily on Fakhry and Myers. Readers are invited to consult these and other references in the Bibliography: Artz; Hayes; Leff; Meyerhof; O’Leary; Peters; Sharif; Stern; Walzer; and others.

3 One can find detailed discussion of Greek economic thought in any standard textbook on the history of economic thought. It might be noted, however, that, consistent with the legacy established by the Schumpeterian “Great Gap”, no such text ever includes any discussion of Arab-Islamic economic thought—the
norm being to simply jump from the Greeks to the Latin Scholastic St Thomas Aquinas, even though several Arab-Islamic Scholastics (for example, Abu Hamid Al-Ghazali, 1058–1111) had as much or more to say on the subject; see Ghazanfar and Islahi (1990); Ghazanfar (1992).

According to Lowry,

It is true that the Greeks failed to notice the invisible hand of the market and instead, approached efficiency, distribution, economic organization, and individual and public utility from ethical, jurisprudential and ultimately, administrative perspectives. This approach to economic questions was in fact the dominant one throughout most of recorded human history, with market-oriented economic analysis a very recent development...From ancient Greek times through the Middle Ages to Adam Smith, in which man himself was the manipulator and regulator, the administrator of his economic affairs.

(Lowry 1987, 250, 249)

It is transmission of this kind, indeed, that was the basis of the controversial “Pirenne Thesis” of a few decades ago. This thesis was “concerned with the transition from antiquity to medieval civilization...transforming a static period into an era of research and reinterpretation” (Havighurst, viii). This transformation of Europe, according to the French economic historian Henri Pirenne (1862–1935), was chiefly the result of Europe’s contacts with Arab-Islamic civilization.

How this spirit of enterprise took root and stimulated economic activity and material progress in Europe and North America is well argued in a book by Henry Weaver. Among other things, he talks of the “second attempt” on the part of Arab-Islamic civilization at establishing “individual freedom”, based on Islam’s emphasis on “religious individualism”:

While Europe was still stagnating in the Dark Ages...and several centuries before Britain had its Magna Carta...a dynamic but little known civilization, based on a recognition of personal freedom, was blazing in the Near East and spreading along the shores of the Mediterranean.

(Weaver, 98)

Also known as mudharibah in Arabic, commenda is a written contract whereby one partner in a business provides financial capital, and the other operates the business; but both parties share risk and profits.

It must be recognized that the Arab-Islamic Scholastics themselves were influenced by the writings of their Jewish and Christian predecessors. Thus, “Although it is not possible to indicate how and by what means Augustine’s ideas were transmitted to Al-Ghazali, it is quite possible that this influence was widespread in the intellectual circles where Al-Ghazali was brought up” (Sharif, 1360). However, “while evidence to this effect is lacking, there is much evidence about the transmission of Al-Ghazali’s thought to the West” (Sharif, 1361; see also Palacios).

To be sure, also present during these centuries was the particular influence of an Arab-Jewish scholastic, Moses Ben Maimon (1141–1204), known as Maimonides, a contemporary of Al-Ghazali and “the product of that radiant interlude in history, the “Golden Age” of Moorish Spain...where Arab (Islamic) and Jewish scholars with their new knowledge of Hellenism influenced the course of medieval and modern intellectual history” (Bratton, vii). Further, this “Golden Age” is the
period during which “the Arab (Islamic) spirit in art and architecture, philosophy and medicine, had made its mark, however, and profoundly influenced such widespread movements as Catholic Scholasticism, Italian poetry, and Jewish philosophy” (Bratton, 5). The influence upon Maimonides of his “Moorish” contemporaries and predecessors, especially Al-Ghazali, is well recognized; both challenged the surrounding excessive “Aristotelianism” (see Myers 1964, 42–3; Farsi, 156; Sharif, 1360–2; and others).
11
POST-GREEK/
PRE-RENAISSANCE
ECONOMIC THOUGHT

Contributions of Arab-Islamic Scholastics
during the “Great Gap” centuries

S.M. Ghazanfar

Introduction

Our primary purpose in this paper is to explore the economic thought of a few Arab Scholastics whose writings extend over several medieval centuries. While the medieval era is generally defined as the period between about 500–1500AD, the centuries prior to the advent of Latin Scholasticism are usually classified as “early medieval”, covering up to about 1200–1300 (see Haney, 86; O’Brien, 13). This paper will focus on four (among several) Arab-Islamic Scholastics who wrote on economic matters during this post-Greek/pre-Renaissance period, before the emergence of Latin Scholastic economics, typically associated with St Thomas Aquinas (1225–74). This task is to be pursued through an examination of numerous primary and secondary sources, contemporary and historical, available in Arabic as well as other languages. The main stimulus for this effort comes from the well-known “Great Gap” thesis propounded by the late Joseph Schumpeter in his History of Economic Analysis of 1954. This thesis has scarcely been examined, and one finds it especially untenable in the light of voluminous writings by numerous Arab-Islamic Scholastics whose writings influenced the evolution of Western social thought. While a brief survey of the economic thought of selected Arab-Islamic Scholastics is our primary focus, it is appropriate first to briefly examine the “gap” thesis. Further, following the “survey”, some evidence as to the transmission and historical linkages of Arab-Islamic thought with the European-Latin Scholastics, documented in some detail elsewhere, will be briefly explained (see Ghazanfar 1991).

Schumpeter’s “Great Gap” and the lingering tradition

In terms of his impact on the profession, Joseph Alois Schumpeter (1883–1950) is perhaps second only to John Maynard Keynes and “a giant of modern social science…one of the greatest economists of the 20th century”. His
History (published posthumously in 1954) remains the locus classicus of almost all works in this area. And it is here that Schumpeter’s “personality and prejudices come to the fore much more so than in any of his books” (Kisch, 154).

Schumpeter states that scientific analysis “is an incessant struggle with creations of our own and our predecessors’ minds”, subject to “the bents and temperaments of new men”, and it is “historically conditioned” (Schumpeter, 4). Thus he proposes “to describe what may be called the process of Filiation of Scientific Ideas”. But “this filiation of ideas has met with more inhibition in our field”. So the obvious answer is “the study of doctrinal history” (Schumpeter, 6).

Before discussing the Classicals, Schumpeter attempts to cover “the whole span of the more than 2,000 years”, and he says this task is facilitated in that “economic thought started with the Greeks” and “so far as the purposes of history are concerned, many centuries within that span are blanks” (Schumpeter, 52). Thus, “So far as our subject is concerned we may safely leap over 500 years to the epoch of St Thomas Aquinas (1125–1274) whose Summa Theologica is in the history of thought what the western spire of the Cathedral of Chartres is in the history of architecture” (Schumpeter, 74). The suggestion is that for over five hundred years prior to the European-Latin Scholastics, nothing of any significance to economics (nor, it would seem, any other discipline) was said or written anywhere else—as though Europe’s Dark Age was a universal phenomenon and there was a complete lacuna in human intellectual evolution throughout the rest of the world.

However, the critical question remains: if economic analysis began with the Latin Scholastics, how were they able to develop and assimilate such a voluminous body of economic thought during the thirteenth, fourteenth and early fifteenth centuries? After examining the works of “the greatest lights of theology and philosophy in the early Middle Ages” (for example, Alcuin, St Anselm, Adelard and others), O’Brien does not find “a single passage [to indicate] that the pursuit of riches, which they despised, occupied a sufficiently large place in national as well as individual life” (O’Brien, 14). Such “irrelevance” of eco-nomics in early Christian thought is also acknowledged by Schumpeter. Lamenting the lack of social reform in early Christianity, he concludes: “The How and Why of economic mechanisms were then of no interest either to its leaders or to its writers” (Schumpeter, 72). He also dismisses any claims of Aristotelian influence upon St Thomas and insists: “I do not assign to the recovery of Aristotle’s writings the role of chief cause of thirteenth century developments” (Schumpeter, 88).

Now, what was true in Schumpeter’s time and what has since become even more so is something amply manifested through research in medieval history: that is, Latin Scholasticism was ecclesiasticism encompassing Patristic, Aristotelian, Neoplatonism and Arab-Islamic thought. Schumpeter acknowledges all except the last—even though he seems aware of such an
influence, as evident from a brief statement and a footnote (Schumpeter, 88). In the words of Bernardelli, who, incidentally, points out a similar but historically minor “mishap” in Schumpeter’s History, such an attitude is “all the more disappointing”, as Schumpeter “must have been well aware of the fascinating process of cultural diffusion” between the Arab-Islamic civilization and Europe (Bernardelli, 320). Thus Schumpeter strengthened and perpetuated a tradition that was already well entrenched in the literature: a denial of history—at least the history of economic ideas—to the Arab-Islamic world. There is hardly any book, beginning with William Ashly’s An Introduction to English Economic History and Theory (1888), which does not reflect the Schumpeterian “gap”. To be sure, however, it is encouraging to note that a contemporary scholar recently not only pointed to some “success in responding to Schumpeter’s implicit challenge”, but also draws attention to the fact that current “textbook literature in the history of economics has yet to take adequate notice of this [Arab-Islamic] literature” (Moss 1996b, 7).

Whatever might have been Schumpeter’s reasons, his “gap” thesis helped to establish and perpetuate a “blind spot” in the literature on economic thought. Any attempt at extracting the economic thought of St Thomas, as Schumpeter did, must expose one to numerous references to Arab-Islamic scholars, such as Al-Farabi (Alfarabus, d. 950), Ibn Sina (Avicenna, d. 1036), Ibn Rushd (Averroes, d. 1194), Al-Ghazali (Algazel, 1058–1111) and others. Indeed, St Thomas himself acknowledges that debt—in his Summa, supplement, part III, question 92, article 1 (Smith, 221). While such encounters are unavoidable, regrettably they failed to arouse further explorations.

Arab-Islamic economic thought: a sampling

There is, of course, the pervasive, and almost uncritical, acceptance of the Schumpeterian thesis that arouses some curiosity on the part of a few. Additional impetus for the present undertaking comes from an excellent paper by the late Joseph Spengler about thirty years ago (ten years after Schumpeter’s History). As he explored the economic thought of a late medieval, “post-Aquinas” Arab-Islamic Scholastic, Ibn Khaldun (1332–1404), he observed:

One is compelled to infer from a comparison of Ibn Khaldun’s economic ideas with those set down in Muslim moral-philosophical literature that the knowledge of economic behavior in some circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge.

(Spengler 1964, 304)

Thus we shall briefly survey the economic thought of selected Arab-Islamic Scholastics who wrote during the Schumpeterian “blank centuries”—the
period which also roughly coincides with the European Dark Ages. While thirty to thirty-five names can be identified, we will focus on four Arab-Islamic Scholastics who wrote on economic matters, prior to the Scholastic (“Thomistic”) economics. These early medieval Islamic scholars are:

1 Abu Yousuf (731–98)  
2 Alberuni (973–1048)  
3 Al-Ghazali (1058–1111)  
4 Nasir al-Din Tusi (1201–74)\(^\text{10}\)

Before undertaking this task, however, it should be noted that these philosophers typically wrote on many diverse fields of knowledge, and their writings, as those of their European-Latin counterparts, emphasized the integrative, holistic approach to learning, permeated by teleological reasoning, human salvation being the ultimate goal. Thus their scholarship, highly normative but with major positive themes, was not dominated by economic aspects of life, though some Arab-Islamic scholars did write separate volumes, or had separate chapters, devoted essentially to economic issues.

*Abu Yousuf (731–98)*

While there were other Arab-Islamic scholars and jurists who wrote on economic issues almost from the inception of Islam, one of the earliest names is that of Abu Yousuf. He studied Islamic jurisprudence (*fiqh*) in Kufa and Medina, chiefly under the guidance of Abu Hanifa (the founder of the Hanafi school). He lived during the caliphate of Harun al-Rashid (763–806) and served as the caliph’s chief justice, or grand judge. He addressed a long letter to the caliph, providing detailed discussion on taxation and agricultural activities, later to become known as *Kitab al Kharaj* (The Book of Taxation)—the only one of his numerous works that has survived. Thus his main interest and emphasis, relevant to economics, pertained to public finance and taxation, the distribution and cultivation of land, the regulation of prices, the economic responsibilities of the state, and usurious transactions. Abu Yousuf’s works have been studied by several writers (see al-Rayyis; Tuma; Fariq; M.Siddiqi; B.Siddiqi; Haq). It is to be noted that Abu Yousuf’s works were written prior to the discovery of Greek heritage in ninth-century Syria. There is some evidence, however, from Edward Sachau’s preface to his translation of *Alberuni’s India*, that several pieces of Hindu scholarship reached Baghdad’s halls of learning during the eighth century—not only through translations from Sanskrit to Persian to Arabic, but also due to Harun al-Rashid’s inclination to engage “Hindu scholars to come to Baghdad” (Sachau, xxx-xxxi).\(^\text{11}\) However, the extent of any influence of Hindu thought on Abu Yousuf is not evident in his writings.

While discussing agricultural activities, among other things, Abu Yousuf prefers a proportional tax on agricultural produce, rather than a fixed rent
on land. This, he thought, would not only be just but also conducive to larger revenue by providing incentives to bring more land into cultivation. Further, he strongly opposes tax-farming—a practice by which the tax collector could confiscate land in case of delinquency.

Abu Yousuf also offers insights concerning the administration of agriculture in new territories, agricultural estates, their cultivation and distribution, tenancy conditions, problems relating to water supply, fisheries, forests and pasture lands, and general public works (such as roads and bridges, and canals for irrigation and transportation).

A controversial point in Abu Yousuf’s economics relates to his discussion of price controls. He is generally against price-fixing or price controls on the part of rulers, but he distinguishes between conditions when such controls may or may not be permissible. He talks of abundance of grain not being the reason for low prices, nor scarcity the reason for higher prices. One commentator points out that this assertion does not amount to Abu Yousuf’s denial of the role of demand and supply in determining prices; rather, it reflects something that Abu Yousuf observed around him—that is, the possible coexistence of abundance and higher prices and of scarcity and low prices. Thus he was not discussing price determination through demand and supply forces as such (M. Siddiqi, 86).

Elsewhere, Tuma has noted that during the period when Abu Yousuf wrote, the rulers generally solved the problem of rising prices not by price controls, but by increasing the supply of food grain. The normal trend in economic philosophy as well as practice at the time leaned heavily in favour of allowing the free market forces of demand and supply to determine prices. Thus there was strong emphasis on freeing the markets of hoarding, monopolies and other corrupt practices. And, according to Tuma, Abu Yousuf’s economic thought fully reflects that orientation (Tuma, 14).

The main strength of Abu Yousuf, however, lies in the area of public finance. Aside from the principles of taxation and the responsibilities of the state concerning the welfare of society at large, he provides detailed discussion as to promoting economic development, especially in agriculture, by building socio-economic infrastructure. Further, as noted by Fariq, guided by his deep concern for the common good, Abu Yousuf exhorted the rulers to work toward eliminating oppression and promoting social justice (Fariq, 24). In discussing taxation, Abu Yousuf also delineates certain principles which anticipate those proposed several centuries later by Adam Smith as “four canons of taxation” (equity, certainty, convenience and economy). He talks of easing the burden on taxpayers by taking into account their ability to pay and convenience regarding time, place, and manner of payment. In addition, he discusses other aspects of taxation—the distribution of tax revenue and various types of taxes: taxation of agricultural land and specific commodities, death duties, taxes on imports, etc. He favours centralized tax administration, with strictly supervised and salaried tax collectors, so that corruption is prevented.
While the foregoing emerges mainly from a scrutiny of Abu Yousuf’s *Kitab al-Kharaj* by some recent writers, a more thorough investigation of his works (including his numerous judicial opinions) still remains a potentially worthy research project.

**Abu Al-Raihan M. Ibn Ahmed Alberuni (973–1048)**

Alberuni was “one of the greatest scholars of medieval Islam, and certainly the most original and profound” (Spengler 1971a, 93, quoting D.J. Boilet from the *Encyclopedia of Islam*, 1960, 1236–8), and, according to George Sarton, “one of the very greatest scientists of Islam and, all considered, one of the greatest of all times” (Sarton, vol. I, 407). Like several other Arab-Islamic Scholastics (for example, Ibn Mishkaway, Ibn Sina, Al-Ghazali, Fakhr al-Din Razi, Nasir al-Din Tusi, and others), Alberuni was born in Persia (Iran); all of them, however, are generally identified with the Islamic civilization, and Arabic was the primary language of their discourses.

Two of Alberuni’s most famous works, both edited and translated by Edward C. Sachau, are *Alberuni’s India* (2 vols, 1887) and *Chronology of Ancient Nations* (1879). More relevant to our topic, the former, as indicated on its title page, is a comprehensive “account of the religion, philosophy, literature, geography, chronology, astronomy, customs, laws, and astrology of India about AD1030”. Alberuni relies heavily on Greek, Arabic, Persian and Indian sources.

To the best of our knowledge, no attempt has been made to trace Alberuni’s economic thought from his original Arabic-language works. Further, while his discussion of chiefly economic issues is somewhat limited, two major, interrelated themes are identifiable from *Alberuni’s India*, and both have significant implications for the economic science. One pertains to the concept of “Social Darwinism”, with all its self-interest and unbridled market economy implications; and the other, perhaps more important, relates to the “population/food” dilemma usually associated with the name of Thomas Malthus.

Writing in 1943, a Russian scholar, T.I. Rainow, argued that one may find the “whole theory of Darwinism already expounded more than eight hundred years before the publication of the theory of natural selection”. Rainow is quite emphatic (quoted in Wilczynski, 1959):

Thus, in modern language we could express this thought of Alberuni as follows: Nature performs natural selection of the most adequate, well-adapted being through the extermination of others, and, in this case, it proceeds in the same way as farmers and gardeners. We see, therefore, that Darwin’s great idea of natural selection through the struggle for life and survival of the fittest was already reached by Alberuni approximately eight hundred
years before Darwin. It is true that he seized it in the most general outlines only, but, curiously enough, even the very meaning and the way in which he came to it were the same as Darwin’s. The latter, as we know, discovered natural selection by observation of the methods of artificial selection, as applied by animal breeders. (Wilczynski 1959, 459)

Several arguments in Alberuni’s writings, according to Rainow, point to the “theory of evolution”, “natural selection” and “survival of the fittest” themes of Charles Darwin (1809–82)—concepts which “influenced some, but by no means all, of the streams and schools of economic thought” (Oser 1954, 373). Alberuni talks in terms of “selectivity” and “evolution” with respect to plants, animals and human beings. According to Wilczynski, similarities with Darwin’s idea of natural selection are detected in the following paragraphs:

When a class of plants or animals does not increase any more in its structure, and its peculiar kind is established as a species of its own, when each individual of it does not simply come into existence once and perish, but besides procreates a being like itself or several together, and not only once but several times…

Nature proceeds in a similar way; however, it does not distinguish, for its action is under all circumstances one and the same. It allows the leaves and fruit of the trees to perish, thus preventing them from realizing that result which they are intended to produce in the economy of the nature. It removes them so as to make room for others.

(Alberuni 1971, vol. 1,400)

Thus Alberuni suggests that the pressure of increasing numbers would give rise to natural selection, though perhaps not to selection so favourable as that carried on under human guidance. And, while Wilczynski concludes that similarities between Alberuni and Darwin’s works are “vague and accidental”, yet he acknowledges that “some views resembling the basic principles of Darwin’s future doctrine are undeniably to be found” in Alberuni (Wilczynski 1959, 466). Spengler also acknowledges parallels between Alberuni and Darwin, in that “Alberuni observed, much as did Charles Darwin upon reading Malthus, that the pressures of increasing numbers would give rise to natural selection, though not to selection as favorable as that carried on under human guidance” (Spengler 1971a, 95). Arguments such as these “led some to look upon Alberuni as a precursor of Darwin” (Spengler 1971a, 95–6; see also Bosch).

The other closely related theme, i.e. the “population/food” dilemma, emanates from this astute observation by Alberuni:
The life of the world depends upon the sowing and procreating. Both processes increase in the course of time, and this increase is unlimited, whilst the world is limited.

(Alberuni 1971, vol. I, 400)

Without using contemporary jargon, Alberuni is clearly talking in terms of excess (unlimited) reproduction on the limited area of the world, reference being to the “limited resources/unlimited needs” basis of modern economics. This “finite world/infinite needs” dichotomy persuades Wilczynski to acknowledge that “this corresponds to the central idea of Malthus on the disproportion between the increase in the rates of reproduction and means of subsistence” (Wilczynski 1959, 460). As with the theories of Charles Darwin, Alberuni clearly seems to be a forerunner of Thomas Malthus, whose *Essay on Population* first appeared in 1798. Not only is Alberuni aware of the aforementioned dilemma, but he also provides an early version, or at least an awareness, of the law of diminishing returns:

The agriculturalist selects his corn, letting grow as much as he requires and tearing out the remainder. The forester leaves those branches which he perceives to be excellent, whilst he cuts away all others. The bees kill those of their kind who only eat, but do not work in their beehive.

(Alberuni 1971, vol. I, 400)

According to Spengler, “Alberuni points out that since the growth of man’s numbers is limited by the capacity of the environment to provide support, the earth could become overpopulated and in need of a thinning of its numbers” (Spengler 1971a, 96). Spengler, however, concludes that Alberuni failed “to put forward a rational explanation and to postulate natural corrective mechanism”. Yet, relying on Alberuni’s writings, Spengler says: “Alberuni refers to the incidence of unavoidable disasters which destroy communities of men and force those surviving to begin all over and once again bring civilization and its accompanying evils and its vulnerabilities into existence” (1971a, 99). Borrowing from Plato’s *Laws* and *Timaeus*, Alberuni discusses demographic possibilities and unavoidable disasters which destroy communities and force those surviving to begin all over again, bringing civilization and its accompanying evils and vulnerabilities back into existence.13

As Spengler acknowledges, Alberuni suggests that “the economic base of society contracts, though without reference to demographic implications of this contraction” (Spengler 1971a, 99). However, perhaps too much is being asked of this eleventh-century scholar. Further, one can discern such demographic implications in Alberuni. For example, Spengler refers to Alberuni’s observations, based on insights from Plato (“The Athenian”), as to “many destructions of mankind...occasioned by deluges and pestilences”, but survivors gradually recover and build cities anew and “even ‘race’
multiplies as time advances and eventually the arts revive” (1971a, 100). Thus it is clear that Alberuni does provide some economic-demographic implications of the shrinking economic base.

With respect to the population theory, Spengler concludes that Alberuni recognized, first, “the growth of anything is limited by the environment accessible to it”; and second, “since the capacity of growth of a species is unlimited, its actual growth is restrained by limited and (apparently) almost exclusively external agents”. However, Spengler then says that Alberuni “did not seek to identify, as did Malthus, the natality-curbing as well as the mortality-generating checks which restrain population growth” (1971a, 101). As pointed out, however, Alberuni, relying on earlier Greek views, did talk in terms of some of these checks (“deluge or an earthquake”, “contagious and other diseases, pestilence, and more of the like”). Further, as an Islamic Scholastic, he must have been aware of about the only “natality-curbing” check known at the time (“coitus interruptus”) and which had been condoned by Judeo-Christian-Islamic scriptures for centuries prior to Alberuni’s writings. Eight hundred years later, Thomas Malthus talked in similar terms when he suggested abstinence and/or postponement of marriages as means of preventing births, and natural disasters and pestileses as nature’s checks on population. Interestingly, however, in another volume, Spengler acknowledges that “Alberuni expressed himself much as did Malthus nearly a millennium later, though without anticipating Darwin” (Spengler 1971b, 160).

There are some other arguments to be made in defence of Alberuni’s economics. First, both Wilczynski and Spengler have relied on English-language translations of Alberuni’s original works. It is quite possible that the real meaning of what Alberuni intended to convey either is misconstrued or misinterpreted. Second, one needs also to be aware of the socio-religious-ethical environment in which he was writing—the “age of reason” had not quite arrived yet. Finally, it is unfortunate that neither Wilczynski nor Spengler seemed willing to acknowledge that the works of Alberuni (as well as others) could well have been available to either Thomas Malthus or Charles Darwin, or both, as was Malthus’ work available to Darwin (Spengler 1971a, 95). Certainly, much of the Arab-Islamic scholarship was translated into Latin during the “age of translation” covering the tenth to the thirteenth centuries. There is evidence that Adam Smith had numerous volumes of Greek heritage in his library (Lowry 1979, 72). It is quite possible that Darwin and Malthus, too, had access not only to the Greek literature via Arab mediation but also to the Arab-Islamic literature via their Latin translations.14

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**Abu-Hamid Al-Ghazali (1058–1111)**

This eleventh-century Arab-Islamic Scholastic has been “acclaimed as the greatest...certainly one of the greatest” (Watt 1963, vii), and, “by general con-
sent, the most important thinker of medieval Islam” (Bagley 1964, xv). Moreover, while the influence of numerous Arab writers upon European Scholastics is well known, Al-Ghazali’s role is especially significant in this respect. According to Myers, “since Al-Ghazali placed science, philosophy, and reason in position inferior to religion and theology, the Scholastics accepted his views which became characteristic of most medieval philosophy” (Myers 1964, 40). Further, Al-Ghazali’s work “was paralleled by Thomas Aquinas in the discourse on Christian doctrine and in other portions of the *Summa Theologica*” (Jurji 1946, 313).

Based on a detailed examination of Al-Ghazali’s original Arabic-language writings, especially his four-volume *Ihya Ulum al-Din* (Revival of the Religious Sciences), it has been possible to identify his contribution to economics, much of which is remarkably sophisticated and quite similar to what we find in contemporary discussions (see Ghazanfar and Islahi 1990). Incidentally, the *Ihya* volumes “were translated into Latin before 1150” (Myers 1964, 39).

Al-Ghazali’s economics begins with a rather well-defined, albeit divinely ordained, social welfare function, based upon rather specific socio-economic goals as well as guidelines for the “prioritizing” of individual and social needs (material and non-material). He discusses a hierarchy of needs—necessities, conveniences or comforts, and luxuries, reminiscent of the Aristotelian tradition. An overriding theme throughout his works is the concept of *maslaha*, or social welfare, or utility (“common good”), a concept which encompasses all human affairs, economic and others (*Ihya*, vol. II, 109).

More specifically, Al-Ghazali’s scholarship reveals a deep understanding of the voluntary market exchange that “naturally” evolves among freely acting individuals guided by self-interest and mutual necessity, in an environment where there is competition as well as the spirit of cooperation. He shows a rather astute awareness of the operation of the markets and price determination through forces of demand and supply, including shifts in them due to factors other than price.15 Further, he develops a detailed code of ethics concerning participants’ market behaviour. And, while warning against worldly evils. Al-Ghazali acknowledges—indeed, mandates—the need for economic pursuits, both private and public (*Ihya*, vol. II, 60, 83). In fact, he accords such activities an aura of piety and nobility by his constant reminders as to their religious validity and desirability—a “calling” (*Ihya*, vol. II, 63, 249).

When discussing production behaviour, Al-Ghazali provides a tripartite hierarchy of production activities: basic industries (agriculture), ancillary (manufacturing) and complementary (processing and services). He talks in terms of interdependence as well as stages and linkages in production—for example, “the farmer produces grain, the miller converts it into flour, the baker prepares bread from the flour” (*Ihya*, vol. IV, 128). And he recognizes the need for division of labour and specialization in all economic endeavours. In fact, quite analogous to the well-known pin factory example of Adam Smith seven centuries later, Al-Ghazali elaborated these concepts by using the example of a needle (*Ihya*, vol. IV, 119).16
Al-Ghazali begins with a barter system in discussing voluntary-exchange behaviour, and after identifying the associated problems such as the lack of double coincidence of wants, indivisibility of goods due to lack of a common denominator, and limited specialization (though he does not use such contemporary terms), he traces the evolution of a monetary exchange system. He defines the various functions of money, much as one finds in current texts, the most important being as a medium of exchange. Then he goes into a detailed discourse on the use of gold and silver coins, and after arguing that money itself is “useless”, that it must not be hoarded, he criticizes its conversion into other objects. Further, he discusses the harmful economic effects of counter-feiting and currency debasement, anticipating similar observations by Nicholas Oresme during the fourteenth century, and Thomas Gresham, Richard Cantillon and others much later. Indeed, Al-Ghazali develops an early version of “Gresham’s Law” (“bad money drives out good money”). Further, as with other Arab-Islamic and European-Latin Scholastics, Al-Ghazali condemns usury, for it causes money to deviate from its key function—i.e. as a medium of exchange, measuring the usefulness of goods and facilitating transactions.

Al-Ghazali wrote a special treatise on the role and functions of the public sector. Here he discusses the standard topics of public finance—taxation, spending and even borrowing. He considers the state as a necessary institution, not only for the proper functioning of society’s economic activities, but also for the fulfillment of the divinely ordained social welfare objectives. Further, in order to promote economic prosperity, the state must establish justice, peace, security and stability. He even insists on a state institution, quite common in the medieval Islamic civilization, called hisbah, meaning “accountability”. The official who enforced accountability was called muhtasib (the closest English term would be “ombudsman”, and somewhat the equivalent of modern-day anti-trust and food and drug administration agencies), whose main function was to check harmful activities of the markets (for details, see Ghazanfar and Islahi 1992).

As far as the conduct of the ruler is concerned, Al-Ghazali recommends ten “principles of justice and equitable treatment of the subjects” (Al-Ghazali 1964, 13–31), and each is discussed not only from the Islamic perspective, but also with illustrations from the Torah, the Bible and other historical sources (including Chinese). And, as elsewhere in his writings, he relies on the inherited Greek reservoir, citing frequent references to Plato and Aristotle.

When discussing taxation, Al-Ghazali advocates the well-known ability-to-pay principle of tax justice, although he is also aware of the benefits-received concept. He is most critical of malpractice and corruption in tax administration. With regard to public expenditure, he discusses various functional categories (though not quite in the manner one finds in contemporary texts), not simply in terms of maslaha, or social welfare, but from the standpoint of promoting society’s economic development. He suggests several items of public expenditure, usually
labelled as “socio-economic infrastructure” in present-day jargon. And he is aware of the need for efficiency in the use of public funds, for they are a “public trust”. Indeed, given his hierarchy of society’s needs, Al-Ghazali suggests guidelines for “prioritizing” public expenditure.

Clearly, Al-Ghazali deserves to be recognized as among the most distinguished pioneers of modern economic thought, deserving at least as much, if not more, disciplinary recognition as St Thomas Aquinas, who relied heavily on Al-Ghazali’s works.

**Nasir al-Din Tusi (1201–74)**

Nasir al-Din Tusi is credited with a treatise specifically focusing on public finances (*Risala-e-Maliyat*, or Treatise on Public Treasury), which has been studied by some contemporary scholars (see Rifa’at n.d.; B.Siddiqi 1966). Among other things, Tusi argued that encouragement of economic enterprise requires that the burden of taxation on society be kept to a minimum. Further, he emphasized the foundation of economic prosperity was agriculture and trading, other activities being relatively secondary. He also stressed the importance of saving—“an act of prudence, provided it is not prompted by greed and miserliness”. And, in matters of expenditure, he emphasized moderation and argued against conspicuous consumption (B.Siddiqi 1966, 571).

Another well-known book by Tusi (originally written in Persian, but also available in Arabic, Urdu and English) is *Akhlaq-e-Nasiri*, or The Nasirean Ethics, a book on practical “domestic and political disciplines”, which is still an important text of historical studies in the Indian sub-continent. In this book, Tusi devotes a special chapter, entitled “Siyasat-e-Mudun”, in which he discusses economic issues for a “civic society”. The first of the two Arabic words, *siyasat*, means “politics” and the second, *mudun*, means “cities and their economic structure”.17 Thus Tusi’s focus is on the “political economy” of society. This emphasis also becomes evident from his detailed discussion; and in order to better appreciate Tusi’s economics, a part of his text is appended below (*Akhlaq-e-Nasiri* 1952, 241–6):

If every person had to remain occupied in producing his own food, clothing, shelter and tools respectively. He could not have survived because of becoming foodless during the long period required [for supplying the above things]. However, since people cooperate with each other and everyone adopts a particular profession, producing more than what is sufficient for his own consumption, and since the laws of justice take care of the matters pertaining to the exchange of one’s surplus output with the products of other people, economic means and goods become available to all. Thus God diversified people’s activities and tastes so that they might adopt different professions [to help each other]. It
is this division of work which brings into existence international structure and mankind’s economic system. Since human existence does not acquire a shape without mutual cooperation, and since this cooperation cannot take place without social contact, hence man by nature is dependent upon society.

It is this dependence of man on society which we call as “tamaddun” [or “mudun”, i.e. cities or economy]. The word “tamaddun” is derived out of “madina” which implies an assemblage of persons who cooperate with one another by adopting various crafts and industries in order to provide comforts of life. This is exactly the meaning of the statement that man by his very nature is social.

However, if we were to leave every person to do whatever he liked, there may be no cooperation and the strong one may subdue the weak one and the greedy person may collect all the things for himself, and so because of the quarrels people may start exterminating each other. Hence it is necessary to take practical steps to ensure that every man gets his due share, is content with what he deserves, does not encroach upon the rights of others and pursues his own interest in a spirit or cooperation. Taking of such steps is called “siyasat”, or politics.

From all this it is clear that “political economy” is a science which studies uniform laws of public welfare, meant to encourage mutual cooperation for attaining real progress, and that its subject-matter is that structure of society which emerges out of the assembling of human beings and which serves as a source of their activities directed towards the perfection [of their occupations]. Thus, every craftsman [or producer] concentrates on his craft, not because it is good or bad, but due to the fact that he belongs to it [i.e. has specialized in it according to social requirement].

While somewhat lengthy, the purpose of reproducing this quotation from Tusi is twofold: to demonstrate not only that even the term “political economy” had been rather clearly defined and employed by this Arab-Islamic Scholastic as early as the twelfth century, but, further, to indicate that Tusi took considerable interest in explaining the basic notions of the discipline this term represented. Clearly, Tusi’s definition lays emphasis on two key themes—division of labour and specialization, and the promotion of public welfare through the political structure of society.

Apart from the four “pre-Aquinas”, early medieval Arab-Islamic Scholastics who wrote during the “gap” centuries and whose economics has been briefly reviewed in the preceding pages, there are at least thirty to thirty-five other names that are identifiable during the same period. Some of these, along with one or two of their major works, are noted below:
Historical linkages: Arab-Islamic to European-Latin—a synopsis

Earlier we referred to Spengler’s suggestion that “knowledge of economic behavior [in Arab-Islamic circles] was very great indeed” (Spengler 1964, 304). One can add that this knowledge, which, as suggested by Spengler, was available to Ibn Khaldun and his contemporaries, was also available in one form or another to the European-Latin Scholastics and their successors. This becomes evident from even a superficial exploration into medieval intellectual history. During Europe’s Dark Ages, “the miracle of transmission” of this knowledge to Europe, which created the “roots of Western intellectual development” (to use Sarton’s words; see Sarton 1952, 20, 28), took several forms: travels, translations, the oral tradition, trade and commerce, and cultural diffusion. Briefly, we shall illustrate and document each.

Travels

During the eleventh and early twelfth centuries, several European Scholastics travelled extensively to Islamic lands, learned Arabic, studied the works of
Arab-Islamic scholars and brought back newly acquired knowledge; one such traveller was the Englishman, Adelard of Bath, identified as “the pioneer student of Arabic science and philosophy in the twelfth century” (Haskins 1927, 20). During this period, many early Western universities, patterned after Muslim seminaries, were established in numerous European cities such as Naples, Salamanca, Oxford, Montpellier and Paris (Sharif, 1367). Further, the Dominican Monk Raymond Lull (1232–1315) travelled widely in the Arab-Islamic world, knew Arabic and also wrote several works in that language, with the objective of engaging in “missionary work among Saracens and Jews” (Durant 1950, 979). Indeed, it was “in the 12th century [that] Europe discovered the wealth of Spain…and a flood of new learning poured over the Pyrenees to revolutionize the intellectual life of the adolescent North” (Durant 1950, 909).

**Translations**

From the eleventh to the fourteenth century and beyond, there were translations _en masse_ of Arab-Islamic scholarship into Latin—the “second age of translations”, the first being that of translations from Greek to Arabic. “The stream whereby the riches of Islamic thought were poured into the Christian West was by translations from Arabic into Latin” (Durant 1950, 910). This “translation movement” took place in Spain, Italy and France. Some prominent “scholar-translators” were Herman the German, Dominic Gundisilavi, John of Seville, Plato of Trivoli, William of Luna, Gerard of Cremona, Alfred of Sareshel and many others; and many of these scholars could read and write Arabic (see, among others, Crombie 1963; Durant 1950; Haskins 1927; Myers 1964; Sharif 1966).

**The oral tradition**

Another important link was through the oral tradition—something for which documentation is not as readily possible. While tracing links between Arabic, medieval Spanish and European thought, Chejne argues that “particularly oral transmission was an important factor, and that this is proven by internal literary evidence in both Arabic and Western materials” (Chejne 1980, 111). Further,

oral transmission [was] achieved by a long and permanent contact between Muslims and Christians…bilingualism in Spain was common. Eight or more centuries of such an intimate contact is, in itself, quite persuasive an argument for a cultural interaction and continuity.

(Chejne 1980, 120)
Another transmission channel for economic ideas was that of the extensive trading and commercial activities before and after the Crusades. Several writers have shown how trade was carried on between the Arab world through Russia to Poland, the shores of the Baltic, to Scandinavia, to north-central Europe and even Iceland (see, for example, Cook 1974; Draper 1876; Heaton 1948; Hitti 1943). “Arab money was in use in the Christian kingdoms of the north, which for nearly four hundred years had no coinage other than Arabic or French” (Hitti 1943, 144, ch. 11). Further, the “Muslim writers of this period do tend to be more sympathetic to mercantile activity than those of Christian Europe...much of early Islamic literature was in fact written in a mercantile environment” (Cook 1974, 226).

**Diffusion of institutions**

Another source was through the cultural diffusion of institutions and processes into Europe, as commercial links evolved. Udovitch reports his discovery of a fifteenth-century _commenda_ (a form of business contract) between a Venetian and an Arab merchant in Alexandria. Thus the _commenda_ and other partnership contracts were indigenous to the Arab-Islamic world and spread to Latin Europe. Similarly, the emergence of various other instruments and institutions facilitated the development of commerce and trade in Europe, such as bills of exchange (_siftajah_), letters of credit (_hawala_), specialized trading centres (_funduq_) and an early private bank (_ma’una_). Further, Kramers traces the emergence of the IOU document and mentions “the Arabic word _sakk_, from which the modern word cheque has been derived”, as well as “manifold ways in which commercial relations led to close cooperation between Muslims and Christians” (Kramers 1934, 102).

**The Crusades**

Another major source of transmission, roughly parallel with the others, were the Crusades, which lasted about two centuries, from 1095 to 1292. Whatever their motivations, their central importance is “because they helped to shape European attitudes, feelings, and values. The achievements of the twelfth century renaissance owe a great deal to the Crusades” (Ferruolo 1984, 136). The Crusades “stimulated the intellectual life of Europe and its literary output by broadening the horizons of knowledge and imagination”, and the Crusaders found in the Levant a culture in most respects superior to their own (Izzedin 1953, 42). Further, the Crusades were “the strongest influence on the development of medieval trade and industry” (Krueger 1961, 72).
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Miscellaneous factors

There were other sources, such as:

1. monasteries, whose libraries housed voluminous translated works of the Arab-Islamic scholars;
2. cathedral chapter schools: “alongside the monastery as a center of culture was the cathedral school…to them was brought most of the science and philosophy from the Byzantines and the Saracens” (Arzt 1953, 229);
3. royal courts, which were “as brilliant and refined a center of Arab learning as any in the Middle East or in Spain” (Menocal 1985, 75);
4. missionaries: “Islamic culture was known in Europe partly through the commercial markets, sometimes through the travels of Christian missionaries in the East” (Sauvaget 1965, 228); and
5. cities: many European cities and towns, especially in southern France and Italy, originated in the “footsteps of trade” with the Mediterranean Arab-Islamic world (Krueger 1961, 69).

Thus far, we have briefly documented the “miracle of transmission” to medieval Latin-Europe, in the form of a vast pool of economic ideas, institutions and processes which originated and developed in the Mediterranean Arab-Islamic world. Yet, one wonders, why are there so few citations to the works of Arab-Islamic scholars in the writings of the European Scholastics? There are some obvious reasons for this historical phenomenon. First, there is medieval Europe’s well-known antagonism toward the Arab-Islamic world. It is hardly an exaggeration to assert that the Crusades epitomized that attitude (see, for example, Beckingham 1976; Daniel 1975; Said 1978; White 1969). Moreover, it is well documented that the Latin Scholastics perceived Islam and the ideas of Arab-Islamic writers, such as Ibn Sina (Avicenna), but especially Ibn Rushd (and his “Averroestic heresies”), as a threat to Christianity (Durant 1950, 957–8). And, according to Durant, “Thomas Aquinas was led to write his Summas to halt the threatened liquidation of Christian theology by Arabic interpretations of Aristotle…indeed, the industry of Aquinas was due not to the love of Aristotle but to fear of Averroes” (Durant 1950, 954). Aquinas was able to overcome that “fear” by heavily relying, as noted earlier, on a more “compatible” Arab-Islamic giant, Abu Hamid Al-Ghazali (see Myers 1964, 39–40; see also, among others, Farsi 1963; Sarton 1952). Further, Albertus Magnus and his pupil, St Thomas, made it “the goal of their lives to reconcile Aristotelian and Moslem philosophy with Christian theology” (Myers 1964,16). A recent scholar, the late Karl Pribram, notes that the “scholastic theologians derived their intellectual armory from the works of Arab philosophers” (Pribram 1983, 21).

More significantly, an eminent contemporary scholar, Todd Lowry, whose own voluminous writings suggest discomfort with the Schumpeterian “gap”,
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has been rather keen to see explorations into Arab-Islamic economic thought during the “blank” centuries. Not only has he provided encouragement and inspiration to the present writer, but he recognizes that “the medieval Europeans got their Greek economics served on an Islamic plate” (letter to the author, 22 August 1990); of course, that “plate” was garnished substantially by Arab-Islamic scholarship. Elsewhere, Lowry makes reference to “prominent Muslim writers whom western historians of thought have tended to ignore despite evidence that their ideas were known by the leading Scholastics of Europe” (Lowry 1992, xi).

Concluding remarks

This paper has presented a brief survey of the economic thought of four Arab-Islamic Scholastics, who provided rather sophisticated discourses, descriptive as well as analytical, on numerous economic issues during the early medieval period, prior to the emergence of Thomistic, or Scholastic, economics. The content of their discussions, positive as well as normative, is quite similar to that found in the writings of subsequent European-Latin Scholastics of the late medieval period, especially so with respect to Al-Ghazali.

Much of the literature of these Scholastics was available to the European Scholastics (for example, Albertus Magnus, 1193–1280; St Thomas Aquinas, 1225–74; Raymond Lull, 1232–1315; Duns Scotus, 1265–1308; and others), directly or through translations during the tenth to the thirteenth centuries, from Arabic to Latin, just as there were extensive translations earlier into Arabic once the Greek heritage was discovered in eighth-century Syria, and from which the Arab-Islamic Scholastics benefited greatly.24

Our modest effort in this paper, with its chief focus on the economic thought of four early medieval Arab-Islamic Scholastics, provides clear evidence which refutes the Schumpeterian thesis. Further, Spengler’s insight as to the possibility that among the Arab-Islamic Scholastics who preceded Ibn Khaldun, “knowledge of economic behavior...was very great indeed”, is amply verified. We have also briefly traced the transmission and historical linkages of that knowledge (including economics) to European-Latin Scholasticism.

It is unfortunate that a rigid tradition became embedded by the almost universal acceptance of Schumpeter’s assumptions. Evidence clearly suggests that neither was there ever a “gap” in the “filiation of ideas”, nor is there any objective argument for the unabated persistence of that tradition.

Yet the tradition lingers on, even in the writings of those who genuinely seem to want to deny it; thus

there is no longer any excuse for a practice which has confounded the study of medieval economics since its inception more than a
century ago, namely that of basing the most sweeping historical
generalizations on a few familiar names, with no regard for the
text and continuity; even the best text books in the field skip
and jump from one century to the next, in and out of different
traditions. But a Scholastic commentator superposed his own ideas
on those accumulated in the particular tradition in which he wrote,
accepted its premises and adopted its language. He cannot be fully
understood until its foundation is also dug out.

(Langholm 1979, 6)

As one examines Langholm’s works, however, regretfully one notes that he
fails to follow his own suggestion.

Notes

1 This paper first appeared in Research in the History of Economic Thought and
Methodology, 16, 1998; pp. 65–89. It is a revised version of an invited paper
presented at the History of Economics Society Conference, Babson MA, June
1994. Comments offered by the discussant, Professor S.Todd Lowry of Wash-
ington and Lee University, and by colleagues at a faculty seminar, have been
incorporated in the present version and are gratefully acknowledged. Any short-
comings remain the author’s responsibility.

2 To be sure, also present during these centuries was the particular influence of an
Arab-Jewish Scholastic, Moses Ben Maimon (1141–1204), known as
Maimonides, “the product of that radiant interlude in history, the Golden Age
of Moorish Spain…where Arab (Islamic) and Jewish scholars with their new
knowledge of Hellenism influenced the course of medieval and modern intel-
tlectual history” (Bratton 1967, vii). Further, this “Golden Age” is the period dur-
ing which “the Arab (Islamic) spirit in art and architecture, philosophy and
medicine, had made its mark, however, and profoundly influenced such wide-
spread movements as Catholic Scholasticism, Italian poetry, and Jewish philos-
ophy” (Bratton 1967, 5). The influence upon Maimonides of his “Moorish” con-
temporaries and predecessors, especially Al-Ghazali, is well recognized; both
challenged the surrounding excessive “Aristotelianism” (see, among others, Artz
1953, 147; Myers 1964, 42–3; Farsi 1963, 156; Sharif 1966, 1360–2).

3 Schumpeter’s other important works, The Theory of Economic Development (1917)
and Business Cycles (1939), are in the field of business-cycle theory. Like Wesley
Mitchell, Schumpeter believed the study of cycles depended on insights into the
entire capitalistic process; see his Capitalism, Socialism, and Democracy (1942).

4 In order to identify Schumpeter’s reasons for disregarding the Arab-Islamic Scho-
lastics’ economic thought, the author contacted several scholars who knew him
well. Some excerpts from their responses are as follows:

   1 Mark Perlman (University of Pittsburgh), letter of 18 June 1990:
   “Schumpeter’s intellectual world may seem to many Anglo-Saxons as very
   broad, but they think so mostly because their world is only narrower…a
   strange man, and in spite of what his numerous admirers think, imple-
   mented his personal prejudices unfortunately…a complicated man, with
   more facade than substance”;

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2 E.Streissler (Institut Fur Wirtschaftswissenschaften der Universität Wien, Austria), letter of 1 June 1990: “He was not a scholar with an open mind but rather could not see what he did not want to see...A more appropriate title of the famous 1954 book would thus be ‘Joseph Schumpeter’s Selected Thoughts about History’, and it is a pity that its influence is so pervasive”; and

3 Kurt W.Rothschild (University of Linz, Austria), letter of 14 June 1990: “Altogether it is not quite so surprising that Schumpeter missed the importance of the Arab contributions...So the ‘great gap’ may have slipped in just because the Arab scholars are neglected in almost all works on economic doctrines. Thus, for instance, the huge 17-volume Encyclopedia of Social Sciences (of 1968) does not refer to the work of the Arab scholars which you mention. The main trouble seems to be the extremely Euro-USA-centered outlook and traditions of the ‘Western’ culture.”

On the other hand, there are others who suggest that perhaps Schumpeter was just not aware of the Arab-Islamic writings (for example, Wolfgang Stopler, University of Michigan; Edward Mason, Harvard University; Wassily Leontief New York University; Paul Samuelson, MIT). And the late George Stigler’s response is quite unique; not shy about his disdain for those who “mine the past”, he offered a characteristic one-liner: “Unless other western historians of the period studied the Arab-Islamic literature, why pick on Schumpeter?” (post-card, 5 September 1990; see also Lowry 1991). Thus Stigler strengthens Streissler’s assertion that the History is “Schumpeter’s Selected Thoughts”, and, as Edward Mason suggested in his letter to the author of 21 May 1990, it is really “WESTERN Economic Analysis”.

5 On the contrary,

Between the middle of eighth and beginning of the thirteenth centuries, as we have noted before, the Arabic-speaking peoples were the main bearers of the torch of culture and civilization throughout the world, the medium through which ancient science and philosophy were recovered, supplemented and transmitted to make possible the renaissance of Western Europe.

(Hitti 1943, 146)

Similar observations emerge from numerous other scholars of medieval European history.

6 Lowry also dismisses “Schumpeter’s rather narrowly conceived rejection of ancient Greek thought as contributing little to modern economic analysis” (Lowry 1987, xiv). Elsewhere, in an edited volume, Lowry included a chapter on Islamic economic thought (see Lowry (ed.) 1987). Also, in another recent edited volume by Lowry (1992), see Ghazanfar and Islahi, “Exploration in Medieval Arab-Islamic Economic Thought: Some Aspects of Ibn Taimiyah’s Economics”; and Yassine Essid, “Greek Economic thought in the Islamic Milieu: Bryson and Dimashqi”.

7 Evidence of this rigid tradition may be found in any standard text in the field of economic thought (to be sure, Ashly focused on English history and theory; he did not “universalize” his book). See, for example, Landreth and Colander, Newman; Oser; Roll; Spengler and Allen; Spiegel. Further, the authors of one prominent text acknowledge that “it is inconceivable that there was no ‘economic thought’ over so many years—even in the Dark Ages” (Newman et al. 1954, 15); yet there is no attempt to explore the “inconceivable” (see Ghazanfar 1991, 1995).
8 One can grant Schumpeter the benefit of the doubt and argue in his defence as follows:

1. that his disregard of the Arab-Islamic thought might have been simply “benign neglect”, a sign of the times; that is, not a conscious act of prejudice but merely an “institutionalized” phenomenon, reflecting, as Daniel aptly states, “a cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel 1975, 87);
2. that Schumpeter was unaware, or only peripherally aware, of the Arab-Islamic contributions and their influence upon the Latin Scholastics, as some contemporary scholars who knew him suggest (see note 4 above);
3. that Schumpeter might have felt it unnecessary to explore any Arab writings, for his expected audience was the Western reader; and
4. that since he had not properly completed his *History* during his lifetime, had he lived longer he would have perhaps accommodated the Arab works,

Nevertheless, according to a contemporary economic historian, Schumpeter’s omission “is all the more striking since he spent some time of his formative period in an Arabic country (Egypt)…and Schumpeter worked in the best-equipped library in the world (Harvard University’s Kress Library)” (quoted from a letter of 21 October 1988, from Jurgen Backhaus of Rijksuniversiteit Limburg, the Netherlands). Further, Harvard University has produced some of the most eminent historians of medieval Europe, whose works could not have escaped notice by anyone associated with that institution; see Haskins (1943). Or, Schumpeter could simply be reflecting Watt’s sentiments, when, in introducing his book, the latter says “the difficulty is that we are the heirs of a deep-seated religious prejudice which goes back to the ‘war propaganda’ of medieval times”; Watt also deplores the influence of Western scholars’ own cultural and intellectual heritage by adding “yet we should not allow ourselves to forget that we are not wholly freed from the entail of the past” (Watt 1979, iv).

9 There is a recent book which is devoted almost entirely to the “lost legacy of Arab-Islamic scholarship” theme pointed out here; see Menocal (1987). A quotation from her chapter entitled “The myth of westernness in medieval literary historiography” is appropriate:

And yet, in the past one hundred and fifty years or so there have been numerous suggestions within the scholarly community that one of the critical components in the making of the Middle Ages was Arabic and/or Semitic. The critical literature exploring and detailing such views is in fact copious. But although a certain group of historians, and the odd literary historian, has stated or reiterated the view, or some aspect of it, that one or more basic features of our medieval world was directly or indirectly dependent on the medieval Arab European world, such perspectives have never become part of the mainstream within the community of scholars who regularly deal with medieval European studies, particularly literary studies. The Arabic component of our paradigmatic view of the Middle Ages has always remained incidental; it has never been systemic.

(Menocal 1987, 9)

But there are larger, perhaps more fundamental questions: What is knowledge and how do we derive and acquire knowledge, especially in social thought? What motivations and “selec-
tion” processes become relevant? The point may be illustrated by quoting Warren Samuels: “what we accept as knowledge is typically that which accords with our interests—economic, political, social, national, and so on—as we come to perceive them…and with our emotions” (Samuels 1974, 208; see also Goodwin 1972; Spengler 1970).

10 It should be pointed out that the term “Arab-Islamic” is to be broadly interpreted. Several Islamic scholars had their origins, either by birth or prolonged residence, in Persia (part of the Seljuk dynasty, 1038–1194), and others had their origins in the Mediterranean Al-Andalus (Islamic Spain). Whether these scholars are identified as Arab-Islamic or Persian-Islamic, or merely Islamic, is quite secondary to the purpose of this paper. From the standpoint of the typical reader, however, the “Arab-Islamic” expression may be appropriate, for often the Arab world is identified (though erroneously) with the Islamic world. Further, the word “Arab” may be viewed not so much as relating to a scholar’s origins, but more to the fact that Arabic was about the only language of their scholarship.

11 The extent of such linkages is also apparent from the Abbasid caliphs’ keenness to encourage learning, whatever the sources:

With the succession of the Abbasids in 750, the capital of the Muslim empire moved to Baghdad, and the first known translations of Indian and Greek works on medicine, astronomy, and mathematics date from the reign of al-Mansur (754–775), the second member of that dynasty. But it was al-Mansur’s great grandson, al-Ma’mun (813–833), who made the most determined and systematic attempt to acquire and translate the chief monuments of Greek philosophy and science. The physical embodiment of this attempt was the House of Wisdom (Dar al-Hikma), a center of research and translation that he founded at Baghdad in 830. (Hayes 1983, 56)

12 It might be noted that in addition to Abu Yousuf, about thirty other volumes on the topic of taxation were produced by some of his contemporaries and successors; see A. Ben Shemesh (1958).

13 Alberuni is obviously familiar with the Greek heritage. In chapter 1 of volume I, he talks of the “scientific” Greek philosophers and compares them to the Hindus of India. Then elsewhere he provides the Greek connection for this quotation; he cites Plato, quoting from his third book of the Laws as follows:

The Athenian said: there have been deluges, diseases, disasters on earth, from which none has been saved but herdsmen and mountaineers, as the remnants of a race not practiced in deceit and in the love of power. The Knossian said: At the beginning men loved each other sincerely, feeling lonely in the desert of the world, and because the world had sufficient room for all of them and did not compel them to any exertion. There was no poverty among them, no possession, no contract. There was no greed among them, and neither silver nor gold. There were no rich people among them and no poor. If we found any of their books, they would afford us numerous proofs for all this. (Alberuni 1887, vol. I, 385)

14 It is well known that Adam Smith had access to Greek works (Lowry 1987, 72; see also Lowry 1979, 74). It is likely that he also had access to the translations of Arab-Islamic Scholastics, and that Adam Smith and others benefited from them. Smith makes several references to Arab history and European commercial contacts with
the Arab civilization in his *Wealth of Nations*. Further, Spengler allows for Ibn Khaldun’s borrowing from Alberuni, and he also suggests that Darwin was familiar with Malthus’ writings (Spengler 1964, 288). Then, it is very likely that Malthus and Darwin also were familiar with the works of Ibn Khaldun and Alberuni.

15 It is to be noted that consistent with his “gap” thesis, Schumpeter overlooked the contribution of Al-Ghazali (and other Arab as well as European scholars), in that “As regards the theory of the mechanics of pricing, there is very little to report before the middle of the 18th century” (Schumpeter, 308). Further, Ibn Taimiyah (1263–1328) had a great deal to say on the theory of pricing; see Ghazanfar and Islahi (1992). Barry Gordon engages in a mishap similar to Schumpeter’s, though he does mention some pre-eighteenth-century European scholars (overlooked by Schumpeter) such as Navarrus (1493–1586) and Lessiuss (1554–1632), who offered some observations on the interplay of demand and supply forces (Gordon 1975, 240, 269).

16 While this example to illustrate the concept of division of labour is usually associated with Adam Smith, he “drew his ‘pin factory’ example from the French encyclopedia by Diderot and Alambert” (written remarks by S. Todd Lowry dated 11 June 1994). Further, while not talking in terms of “pins” and “needles”, centuries earlier the Greek Xenophon, in his *Oeconomicus*, discussed division of labour as a source of improved productivity (see Lowry 1979, 73–4).

17 B.Siddiqi’s interpretation of Tusi’s chapter is as follows:

> The word “tamaddun” is derived from “madinah” (city), which means living together of men belonging to different professions for the purpose of helping one another in their needs. Since no man is self-sufficient, everyone is in need of help and cooperation from others. Wants differ from man to man and the same is true of the motives which induce one to cooperation. Some seek cooperation for the sake of pleasure; others are prompted by consideration of profit; and still others aim at goodness and virtue. This diversity…leads to conflict…resulting in aggression and injustice. Thus arises the need for government to keep everyone content with his rightful lot without infringing the legitimate rights of others.

(B.Siddiqi 1966, 573)

18 It is interesting to note that the term “political economy” emerged as a well-defined, analytical concept with Tusi in the twelfth century. This is contrary to the fairly common belief in Western intellectual circles, where the origin of this term is traced to the sixteenth century or later. Thus Lowry makes reference to a scholar who “traced the term political economy to Antoine de Montchretien’s *Traite de l’oeconomie politique* published in 1615” (1979, 65). Similarly, Grice-Hutchinson talks of “Before the rise of mercantilism in the sixteenth century, when ‘political economy’ came into being as a separate subject of study” (83).

19 It is transmission of this kind, indeed, that was the basis of the controversial “Pirenne Thesis” of a few decades ago. This thesis was “concerned with the transition from antiquity to medieval civilization…transforming a static period into an era of research and reinterpretation” (Havighurst 1969, viii). This transformation of Europe, according to the French economic historian Henri Pirenne (1862–1935), was chiefly the result of Europe’s contacts with the Arab-Islamic civilization.

20 How these contacts stimulated economic activity and material progress in Europe and laid the roots for North America’s advancement is well argued in a book by Henry Weaver. Among other things, he talks of the “second attempt”
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on the part of Arab-Islamic civilization at establishing “individual freedom”
based on Islam’s emphasis on “religious individualism”:

While Europe was still stagnating in the Dark Ages…and several centuries
before Britain had its Magna Carta…a dynamic but little known civiliza-
tion, based on a recognition of personal freedom, was blazing in the Near
East and spreading along the shores of the Mediterranean.

(Weaver 1953, 98)

21 Also known as *mudharibah* in Arabic, *commenda* is a written contract whereby
one partner in a business provides financial capital, and the other operates the
business; but both parties share risk and profits.

22 Perhaps Montgomery Watt best sums up this phenomenon:

For our cultural indebtedness to Islam, however, we Europeans have a blind
spot. We sometimes belittle the extent and importance of Islamic influence
in our heritage and sometimes overlook it altogether…To try to cover it
over and deny it is a mark of false pride.

(Watt 1972, 2)

Elsewhere, he says:

Because Europe was reacting against Islam it belittled the influence of
Saracens and exaggerated its dependence on its Greek and Roman heritage.
So today an important task for us…is to correct this false emphasis and to
acknowledge fully our debt to the Arab and Islamic world.

(Watt 1972, 84)

And, as noted earlier, the institutionalized disregarding reflects, as aptly described
by Daniel, “a cultural filter in acquiring knowledge from an alien source consid-
ered to be tainted” (Daniel 1975, 87). Further, “It is an anachronism to project
into the Western Middle Ages the contempt for the Near East that has character-
ized the Occident in more recent centuries” (White 1969, 4).

As for historians who belittle Arab-Islamic influences and relate the Western
Renaissance directly to the Greek heritage, the late George Sarton responds angrily
to those who will
glibly say “The Arabs simply translated Greek writings, they were industrious
imitators, and by the way, the translators were not made by themselves but by
Christians and Jews”…This is not absolutely untrue, but is such a small part of
the truth, that when it is allowed to stand alone, it is worse than a lie.

(Sarton 1952, 27)

And in the same vein, Colin Ronan states:

Too often science in Arabia has been seen as nothing more than a holding
operation…as a giant storehouse for previously discovered scientific results,
keeping them until they could be passed on for use in the West. But, this is,
of course, a travesty of the truth.

(Ronan 1982, 203)
This assertion can be further corroborated. Several medieval historians identify Al-Ghazali as the most significant influence upon St Thomas Aquinas, directly and through his teacher Albertus Magnus (1206–80), and his contemporary Raymond Martin (d. 1285). Al-Ghazali’s books, including his greatest work, *Ihya Ulum al-Din* (The Revival of the Religious Sciences), became available in Latin even before 1150 (Myers 1964, 39). Further, Raymond Martin, who knew Arabic, incorporated much of Al-Ghazali’s writings directly and via the works of Bar Harbraeus (a Syrian priest, known as Al-Faraj in the Islamic world, who “copied many chapters from Al-Ghazali” and “who wanted to keep secret the sources of the ideas” -Sharif 1966, 1361) into his *Pugio Fidei* (The Sword of Faith) (Sharif 1966, 1361). The latter inspired St Thomas’ *Summa contra Gentiles*. Both of these treatises were written at the request of the Dominican order and were aimed at refuting the arguments of philosophers (such as Avicenna and Averroes) against faith. Another source of Aquinas’ familiarity with Al-Ghazali’s works was the eminent Arab-Jewish Scholastic Maimonides (Moses Ben Maimon, 1141–1204), who drew some of his ideas from Al-Ghazali’s *Maqasid al Falsifah* (Aims of Philosophers) (Farsi 1963, 156; Myers 1964, 42–3; Sharif 1966, 1360–2). Moreover, Al-Ghazali’s influence upon St Thomas Aquinas becomes apparent from a comparative glance at the lengthy tables of contents of the most significant work of each; numerous topics covered in both, including those relating to economics, are quite similar. The same also holds for their methodological approach (Chejne 1980, 111–12).

Indeed, it must be recognized that the Arab-Islamic Scholastics themselves might have been influenced by the writings of their Jewish and Christian predecessors. Thus, “Although it is not possible to indicate how and by what means Augustine’s ideas were transmitted to al-Ghazali, it is quite possible that this influence was widespread in the intellectual circles where al-Ghazali was brought up” (Sharif 1966, 1360). However, “while evidence to this effect is lacking, there is much evidence about the transmission of al-Ghazali’s thought to the West” (Sharif 1966, 1361; see also Palacios 1935).
The Economic Thought of Abu Hamid Al-Ghazali and St Thomas Aquinas

Some comparative parallels and links

S.M. Ghazanfar

My primary purpose in this article is to identify and present some parallels and similarities between the major economic ideas of two medieval Scholastics: Abu Hamid Al-Ghazali (1058–1111), “acclaimed as the greatest...certainly one of the greatest” (Watt 1963, vii) and “by general consent, the most important thinker of medieval Islam” (Bagley 1964, xv); and St Thomas Aquinas (1225–74), the most prominent of the European-Latin schoolmen, “the Doctor Angelicus, the Princeps Scholasticorum” (Pribram 1983, 4), “perhaps the greatest Catholic philosopher of all time” (Newman et al. 1954, 16). Heretofore, some scholars of medieval history have explored similarities and links between Al-Ghazali and St Thomas with reference to other dimensions of their discourses, but none has focused on their economic views. While this essay mainly discusses similarities in the economic ideas of the two Scholastics, more serious analysis might further corroborate the observations of historians as to links between the two in other areas of knowledge. Further, it might be noted that while Thomistic economic thought is well recognized in the literature, very little is known about the contributions of Al-Ghazali—one of several Arab-Islamic precursors of medieval Europe’s Latin Scholastics who wrote extensively on economic issues. Much of the economic thought of the Arab-Islamic Scholastics belongs in the several centuries between the Greeks and St Thomas Aquinas—a period unfortunately labelled as the “Great Gap” of “blank centuries” by the late Joseph Schumpeter (see Ghazanfar 1991, 1995).

One finds detailed discussion of prevailing economic and social conditions and significant economic maxims, primarily normative but also with considerable positive content, in the writings of several Arab-Islamic writers. However, the main focus of these Scholastics, Arab-Islamic and Latin-Christian, was not the domain of economic aspects of life—economics remained merely an appendage to philosophy, ethics, and jurisprudence. One chiefly encounters theological-philosophical ratiocination in their treatises and not economic content as we now know the subject. Within the religious-ethical system of Scholastic jurisprudence, which called for divine, scriptural
prescriptions as guides to human affairs, the overriding assumption was always that all behaviour, including economic activity, is teleological. Thus economic thought emanating from medieval Scholastics such as Al-Ghazali, St Thomas and others, was seldom elaborated in separate volumes; such a segmented treatment would have been hardly compatible with the prevailing emphasis on the unity of knowledge as a fundamental epistemological principle of scholarship.4 Indeed, such an approach prevailed in Europe up until the eighteenth century, when Adam Smith took charge of the chair of moral philosophy at Glasgow College (de Roover 1955, 162).

The medieval Scholastics viewed economic matters as part of their larger concern for the common good and social justice. As a branch of ethics, economic relations were to be judged by rules of justice, as derived from the scriptures (Jewish, Christian, Islamic), that ought to preside over the distribution and exchange of scarce goods. One readily derives such insights from a cursory examination of the table of contents of Al-Ghazali’s *Ihya Ulum al-Din* and St Thomas’ *Summa Theologica*. However, while both gave a place to economic matters in their universal scheme, the pursuit of material welfare was not regarded as an end in itself, but as a means to achieve the *summum bonum* of salvation (see O’Brien 1920).

Thus, as another objective of this essay, some evidence will be provided to demonstrate the considerable influence of Arab-Islamic Scholasticism, encompassing almost all endeavours of human intellect, on Latin-Europe generally, but also to argue that such historical links were particularly substantial concerning St Thomas Aquinas’ philosophical writings. This essay will also briefly note the socio-cultural and intellectual context in which the scholarship of Al-Ghazali and St Thomas evolved. This will be followed by a detailed discussion of the similarities between the economic views of both. The concluding section, after summarizing the article, will argue, without belittling the works of Latin Scholastics, especially St Thomas, that we must add to that scholarship the contributions of their Arab-Islamic predecessors, whose influence on the intellectual evolution of medieval Europe is rather well documented.5

**Historical links: Arab-Islamic to European-Latin and Al-Ghazali to St Thomas**

Some recent literature has argued that not only is the Schumpeterian “Great Gap” thesis an unfortunate mishap in literary history, but, further, that, especially during the early medieval centuries, there was a “knowledge transfer” to Latin-Europe of the Arab-Islamic reservoir of scholarly achievements (see Ghazanfar 1991, 1998; Essid 1992; Hosseini 1996). This reservoir was built upon the corpus of the Greek heritage, but was substantially garnished by the Arab-Islamic intellect in many diverse and significant ways.6 The general nature of such historical ties is abundantly
evident from a cursory exploration of medieval Europe’s intellectual evolution. Three representative quotations (which could be multiplied) from eminent scholars of medieval European history emphasize the point:

In the 12th and 13th centuries, the first period of European impingement, Arabic philosophical writings exerted a significant stimulative influence on the great synthesis of Christian Aristotelianism by St. Albert the Great and St. Thomas Aquinas...This influence has not only been extensive and profound, but relatively continuous and astonishingly diversified.

(Rescher 1966, 156–7)

Although there is not a single aspect of European growth in which the decisive influence of Islamic culture is not traceable, nowhere is it so clear and momentous as in the genesis of that power which constitutes the paramount distinctive force of the modern world, and the supreme source of its victory—natural science and the scientific spirit...What we call science arose in Europe as a result of a new spirit of inquiry, of new methods of investigation, of the methods of experiment, observation, and measurement, of the development of mathematics in a form unknown to the Greeks. That spirit and those methods were introduced into the European world by the Arabs.

(Briffault 1919, 190–1)

At a time when the rest of Western Europe was just emerging from the depths of barbarism, the culture of Moslem Spain had achieved complete maturity and surpassed even the civilization of the East in genius and originality of thought...All this brilliant development of culture is completely ignored by the ordinary student of medieval European history. It is as though it were a lost world which had no more to do with the history of our part than the vanished Kingdom of Atlantis. And yet, not only did it lie at the very doors of the Christian world, it was actually mingled with it. The frontiers of Christendom and Islam in the early Middle Ages were constantly shifting.

(Dawson 1932, 231; see also Flint 1894, 79, for similar remarks; and Dawson 1967)

Evidence reveals that when Europe became interested in science and philosophy during the eleventh and twelfth centuries, such disciplines were already at their peak in the Arab-Islamic world, and, in its attempts to emerge from the Dark Ages, Europe was eager to learn. And there is hardly any medieval European scholar who was not, directly or indirectly, influenced by Arab-Islamic scholarship. Some prominent names are Robert

What were the sources of such a cross-cultural knowledge transfer? Some may be briefly noted here:

1. travels during the eleventh and twelfth centuries by scholars (many knew Arabic) who brought back knowledge to Europe;
2. students “from Italy, Spain and southern France [who] attended Muslim seminaries” (Sharif 1966, 2:1367); they read and studied “passionately the Arabic books…and everywhere proclaimed how admirable was that literature” (Briffault 1919, 198);
3. translations en masse—“the real contact with the Arabic culture was made by twelfth century translators in Spain; it was then and there that dykes were opened and stored-up experience of the ages began to pour in upon the Medieval West” (Goldstein 1988, 113);
4. oral transmission, which, over “eight or more centuries of such intimate contact is, in itself, quite persuasive an argument for cultural interaction and continuity” (Chejne 1980,120);
5. trade and commerce, leading to the diffusion of economic institutions and processes: “Italian cities...in the wake of the Crusades...had established relations with the traders of the Near East and had adopted various institutions and devices which were at variance with the rigid pattern of the medieval social and economic organization” (Pribram 1983, 21; see also Heaton 1948; Kramers 1934); and, not least,
6. the Crusades, whose central importance was that “they helped shape European attitudes, feelings and values” (Ferruolo 1984, 136), “stimulated the intellectual life of Europe” (Izzedin 1953, 42), and represented “the strongest influence on development of medieval trade and industry” (Krueger 1961, 72) (see Ghazanfar 1997, 1998).

Now, as with such historical linkages between civilizations generally, there is also considerable evidence that supports specifically the connections between Al-Ghazali and St Thomas Aquinas. According to one of the most prominent twentieth-century historians of scientific-intellectual developments, Latin Scholastics generally, but St Thomas particularly, “were influenced by Muslim philosophers, chiefly Al-Ghazali”, “the forerunner of St Thomas” (Sarton
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1927–48, 2:914; 1930, 420; see also Alonso 1958). Again, three quotations from eminent medievalists provide further corroboration:

1 De Lacy O’Leary (1922, 208) says that Al-Ghazali’s “teaching is quoted by St Thomas and other scholastic writers”. And, referring to St Thomas’ objections to some “heretical” doctrines (for example, those of emanation, creation ex nihilo, unity of intellects, etc.) of Ibn Sīnā (Avicenna, 980–1033) and Ibn Rushd (Averroes, 1126–98), O’Leary states that “all of these objections were essentially the same as had been already brought forward by the orthodox scholastics of Islam, and undoubtedly Al-Ghazali is used in refuting them” (286).

2 “A careful study of Ghazali’s works will indicate how penetrating and widespread his influence was on the Western medieval scholars. A case in point is the influence of Ghazali on St Thomas Aquinas—who studied the works of Islamic philosophers, especially Ghazali’s, at the University of Naples. In addition, Aquinas’ interest in Islamic studies could be attributed to the infiltration of ‘Latin Averroism’ in the 13th century, especially at [the University of] Paris” (Shanab 1974, 140–1).

3 “Among Algazel’s [Al-Ghazali’s] works was a treatise on the place of reason as applied to revelation and the theological dogmas. This work presents many parallels in its arguments and conclusions with the *Summa* of St.Thomas...Their intention, their sympathies, and their interests were essentially the same. Both endeavored to state the case for the opposition before they pronounced judgment; both labored to produce *Summas* which would provide a reasonable statement of their faith, and both found a happiness in the mystical apprehension of the divine which they confessed made their earlier strivings seem as nothing” (Guillaume 1931, 273–4).

As to the direct and indirect influence of Al-Ghazali, again the evidence is clear, not only with respect to St Thomas specifically, but concerning other Latin Scholastics as well. There were opportunities as well as motivation to rely on “compatible” Arab-Islamic Scholastics. For as Christianity was being threatened by the Averroistic interpretations of Aristotle, which were finding growing acceptance within the Franciscan order of the Catholic Church, Al-Ghazali’s “Dominican” writings “placed science, philosophy, and reason in positions inferior to religion and theology”; and, therefore, “the Scholastics accepted his views which became characteristic of medieval philosophy” (Myers 1964, 39–40). Edward Jurji (1979, 313) is even more categorical, stating that Al-Ghazali’s work “was paralleled by Thomas Aquinas in the discourse on Christian doctrine and in other portions of the *Summa Theologica*”.

Further, several medieval historians identify Al-Ghazali’s influence upon St Thomas through his teacher Albertus Magnus (1201–80), and his contempo-
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Raymond Martin (d. 1285). Raymond Martin was “the man who made a thorough study of Al-Ghazali’s works, unequaled by any non-Muslim until modern times, and who became a link between Christian Europe and Al-Ghazali” (Sheikh 1982, 109). Martin knew Arabic and was well acquainted with Al-Ghazali’s books, including his Ihya, which became available in Latin translation even before 1150 (Myers 1964, 39). And, “it may be fairly said that he has considerable affinity for the ideas to be found in Al-Ghazali’s Tahafut ul Falasafa…and that the first part of Pugio Fidei is a faithful summary of the Tahafut” (Sweetman 1955, 90; see also Sarton 1927–48).

Raymond Martin’s Pugio Fidei subsequently inspired St Thomas’ Summa contra Gentiles. Both of these treatises were written at the request of the Dominican order and were aimed at refuting the “heretical” Averroistic arguments of philosophers and sophists, a common tendency within the more liberal Franciscan order, and “this refutation of St. Thomas can be very well compared with that of Al-Ghazali’s in the Tahafut” (Sheikh 1982, 110). Even George Sarton (1927–48, 2:892) recognizes such a link: “Many passages of it [Pugio Fidei] are identical with passages of St.Thomas’ Summa contra Gentiles.” Another source of Aquinas’ familiarity with Al-Ghazali’s works was the Jewish Scholastic, Moses Bin Maimonides (1135–1204) (“the product of that radiant interlude in history, the Golden Age of Moorish Spain” (Bratton 1967, vii)), who himself was influenced by Al-Ghazali (see Artz 1953, 147; Myers 1964, 42–3; O’Leary 1922, 286–7; Smith 1944, 217; Farsi 1963, 156; see also Sharif 1966, 2:1360–2). It must be mentioned, however, that such intellectual borrowing without acknowledgment was not an uncommon practice at the time—twentieth-century property rights had not arrived yet. As for St Thomas, “improving upon the custom of his time, he made explicit acknowledgments of his borrowings. He quotes Avicenna, Al-Ghazali, Averroes, Isaac Israel, Ibn Gabirol, and Maimonides” (Durant 1950, 963).

Even more persuasive evidence of St Thomas’ reliance on Al-Ghazali is provided by Margaret Smith: “There can be no doubt that Al-Ghazali’s works would be among the first to attract the attention of these European scholars” (Smith 1944, 220; see also Alonso 1958). Thus she emphasizes

The greatest of these Christian writers who was influenced by Al-Ghazali was St.Thomas Aquinas...who made a study of the Arabic writers and admitted his indebtedness to them. He studied at the University of Naples where the influence of Arab literature and culture was predominant at the time.

(1944, 220)

Such indebtedness is acknowledged, as per Smith, in St Thomas’ Summa Theologica, supplement, part 3, article 1, of question 92 (see also Sarton 1927–48, 2:914, 915, 968; Durant 1950, 963). Smith points out several aspects of St Thomas’ writings that parallel Al-Ghazali’s, and she concludes that their ori-
gins, including “the very words”, are in the latter’s writings (Smith 1944, 220–2). And another scholar, by quoting comparable writings from each, demonstrates “how the works of Al-Ghazali have played an important role in shaping the philosophical ideas of Aquinas” (Shanab 1974, 140–1).9

The socio-cultural and intellectual environment during the Al-Ghazali/St Thomas era

Indeed, to understand Scholasticism (generally defined as the philosophical approach concerned with the “possibility of reconciling reason with faith” (Durant 1950, 965)), it is appropriate to take a glance at the socio-cultural and intellectual environment in which Al-Ghazali and St Thomas wrote. These early medieval centuries (from about the ninth to the thirteenth) were the battleground on which numerous sceptics, belonging both to the Arab-Islamic civilization as well as to Latin-Christian Europe, contested with the theologians for the possession of men and women’s souls and minds. And, during this period, the Arab-Islamic world, building upon the newly discovered Greek heritage in eighth-century Syria, had produced its own early “Aristotles”, such as Al-Farabi (Farabus, d. 950) and Ibn Sina.10 These “rationalistic” philosophers had already raised questions about the prevailing Islamic orthodoxy. Al-Ghazali’s *Tahafut al Falasifah* (The Incoherence of Philosophers) was a response to such “excessive” Aristotelianism. His most significant work, however, was *Ihya Ulum al-Din* (The Revival of the Religious Sciences), a comprehensive four-volume compendium that attempted, like St Thomas’ *Summa Theologica*, to provide answers and commentaries on all aspects of life, sacred as well as secular, consistent with the Islamic scriptures.11 However,

the achievement of Al-Ghazali was to master their technique of thinking—mainly Aristotelian logic—and then, making use of that, to refashion the basis of Islamic theology, to incorporate as much of the Neoplatonists’ teaching as was compatible with Islam, and to expose the logical weakness of the rest of their philosophy.

(Watt 1963, 13)

There then emerged Ibn Rushd, “the Great Commentator”, even more forceful a rationalist than Al-Farabi and Ibn Sina, and “the foremost expounder of Aristotle” (Myers 1964, 40). During the eleventh through the thirteenth centuries, as the writings of numerous Arab-Islamic Scholastics became available to Latin-Europe, here, too, radical Aristotelian “scientific rationalism” was viewed as a threat to Christianity (Goldstein 1988, 113). Ibn Rushd had tried to

delimit the respective areas of faith and reason. This is one of his greatest contributions to the thirteenth century; his influence upon
what was to become Thomism must be laid to his account, as well as his effect, on the Latin Averroists. Where he differed with St. Thomas was in his refusal to reconcile what he regarded as irreconcilable.

(Leff 1958, 156)

There were confrontations with “Averroistic heresies” and there were papal condemnations, the list of 219 condemnations published in 1277 by Etienne Templer, Bishop of Paris, being the clearest manifestation (Durant 1950, 957–8). The twelfth and thirteenth centuries’ penetration of Greek and Islamic philosophies, so different from the Christian, “threatened to sweep away the whole theology of Christendom unless Christianity could construct a counter-philosophy” (Durant 1950, 949). Thus, as a consequence of the intellectual battles between the “anti-Averroist” Dominican monks (St Thomas and his teacher Albertus Magnus; also, Raymond Martin and Raymond Lull (1232–1315), to name but two) and the “pro-Averroist” Aristotelian Franciscan friars (led by Siger of Brabant, but also Roger Bacon (1214–94), Duns Scotus (1265–1308), and William of Ockham (1300–49), among others), “Thomas was led to write his *Summas* to halt the threatened liquidation of Christian theology by Arabic interpretations of Aristotle —indeed, the industry of Aquinas was due not to the love of Aristotle but to the fear of Averroes” (Durant 1950, 954). Further, specifically in order to overcome the growing “Latin Averroism”, St Thomas (while affiliated with the University of Paris) wrote his “De Unitate Intellectus adversus Averroists [On the unity of intellect against the Averroists], a work revealing Aquinas’ sophistication with Islamic studies” (Shanab 1974, 141).

Thus St Thomas’ writings, especially his *Summa Theologica*, represented his efforts “to reconcile Aristotelian and Moslem philosophy with Christian Theology” and to “harmonize Christianity with Aristotelian philosophy by a Thomistic synthesis” (Myers 1964,16; Newman *et al.* 1954, 16). Two centuries earlier, Al-Ghazali’s writings, especially his *Ihya*, represented his efforts to reconcile and harmonize Islamic ethos with Aristotelian rationalism. Thus Al-Ghazali’s synthesis was an attempt to “Islamicize” Hellenism—and St Thomas’ to “Christianize” Hellenism. Both Al-Ghazali and St Thomas shared one key religious-philosophic conviction: while faith and reason must be harmonized, the former must always hold supreme. For both, “there is a certain region lying outside the scope of reason into which philosophy cannot venture. Thus, whatever lies outside the scope of human cognition, it is necessary to resort to scriptures” (Fakhry 1968, 88).

Further, the Latin Scholastics, in particular St Thomas (who was born in the town of Aquino, near Naples), were especially acclimatized to the Arab-Islamic heritage and culture in Sicily and the Italian south; both regions, “still filled with Arabic traces today, were a major gateway to Islamic civilization” (Goldstein 1988, 111). When Sicily was regained by Christendom in 1090, the various Norman emperors (in particular Roger
II and Frederick II a century later) of the Holy Roman Empire enthusiastically patronized and nurtured Arab-Islamic scholarship, and “conditions in the island specially favored the exchange of ideas between Arabic, Greek, and Latin scholars...[and were] more favorable than those in Spain” (Crombie 1963, 35). Frederick II (1194–1250) was known as “the baptized Sultan” for his close affinity with the Arab culture. He used to dress in a turban and flowing Arab robes, and ensured that upon his death his burial tunic had an Arabic inscription (Landau 1958, 12; Gomez 1933, 102); he was also “suspected of carnal pleasures with Infidel women” (Allshorn 1970, 63). His “court at Palermo between 1225 and 1250, nearly two centuries after the Arab defeat by Normans, was as brilliant and refined a center of Arab learning as any in the Middle East or in Spain”. Further, “he sent for Arab savants and translators to come to his court...where Arabic was not only one of the four official languages but the monarch’s native language” (Menocal 1985, 74–5). And in his court, “the Greek element is of little significance...on the other hand, Arabic influence was stronger” (Haskins 1922, 671).

Among other things, in 1224 Frederick II established a university at Naples, chiefly with the object of introducing Muslim philosophy and science to the people of the West. St. Thomas received his education at this university. Here both Christian and Jewish translators were engaged for rendering Arabic works into Latin and Hebrew.

(Sharif 1966, 2:1381; see also Bartlett 1993; Haskins 1922, 1925, 1927; d’Alverny 1982; Gomez 1933; Izzedin 1953; Walzer 1945)

Subsequently, the University of Naples’ “greatest alumnus, Thomas Aquinas, found glory in Paris and elsewhere” (Abulafia 1988, 263–4). And at the University of Naples, “Thomas Aquinas garnered the learning that enabled him later to become one of the pillars of medieval Christianity” (Landau 1958, 12). Educated under the influence of the “anti-Averroistic” Dominican order, St Thomas had known Al-Ghazali’s philosophy well and used his arguments in attacks on Aristotelianism. St. Thomas’ *Summa Theologica* and Al-Ghazali’s treatise on the place of reason as applied to revelation and theology run parallel in many places in their arguments and conclusions.

(Sharif 1966, 2:1362)

Indeed, St Thomas’ *Summa Theologica*, “in its intention and scope can be compared with *Ihya* of Al-Ghazali: both works aim at presenting a reasonable statement of their author’s faith and both are comprehensive enough to include their views on philosophy, law, psychology, and mysticism” (Sheikh 1982, 110).
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The economics of St Thomas and Al-Ghazali: some comparative parallels

As for my main task in this article, one discovers the economic thought of Al-Ghazali and St Thomas Aquinas chiefly in the most comprehensive works of each: *Ihya Ulum al-Din* and *Summa Theologica*, respectively. While each compendium covers a wide range of topics, spiritual as well as mundane, sacred as well as secular, economic issues obviously receive rather limited attention. In the following pages, I shall point out some of St Thomas’ economic doctrines, as typically presented in relevant texts (see Rima 1991; Ekelund and Hebert 1977; Newman *et al.* 1954). The *Summa* is divided into three parts: part 1 considers the nature of God, part 2 discusses the nature and consequences of human actions, and part 3 discusses Jesus Christ (Prophet Issa in the Islamic tradition) and his service to the world (Monroe 1930, 52). Part 2 covers economic issues, and two sections specifically relevant to economics, and from which has emerged considerable evaluative literature, are “Of Cheating, which is committed in buying and selling” (*Summa*, II.II, Q77) and “Of the Sin of Usury, which is committed in loans” (*Summa*, II.II, Q78). As with several other medieval Scholastics, St Thomas follows the dialectic method of presentation—that is, pointing to a given issue and raising some objections, followed by a detailed answer and commentary—consistent with the Christian scriptures.

Similarly, Al-Ghazali also undertook detailed discussion of various economic issues, although his economics seems to go beyond the topics that St Thomas covered. The *Ihya* is made up of four volumes, covering, respectively, matters of worship, matters of worldly affairs, matters that destroy life, and matters that preserve life (salvation). Each volume contains ten chapters. His discussion on economic issues, comparable to that of St Thomas, is found primarily, although not exclusively, in *Ihya’s* chapter 3 of volume 2, entitled “Ethics of business/trading/work practices”. Four sections in this chapter are on the following:

1. primacy of work and effort as means of livelihood;
2. learning lawful means of earnings (including lawful businesses and trades, usury, equivalents in exchange (i.e. “equivalent” prices and wages), compensation practices, lending and borrowing, partnerships, and shareholding);
3. justice and fairness in earning a living (this covers topics such as cheating and fraud, hoarding, counterfeiting, false praises of goods exchanged, hiding defects in goods sold, deceit in business, and exploiting another’s gentleness and simplicity in business affairs); and
4. benevolence and piety in business/trading activities.

As noted, the Arab-Islamic Scholastics had also benefited enormously from the “first age of translations” (about 750–1000AD) of Greek knowledge.
Among the numerous Greek texts available were Galen’s paraphrases of Plato’s *Sophistes, Timeus, Republic* and *Laws*, as well as Aristotle’s treatises, *Categories, Metaphysics*, and even his *Politics* and *Nicomachean Ethics*. These later works, especially the *Ethics*, included much of Aristotle’s economics, and there is evidence that these were available to some of the Arab-Islamic scholars as early as the tenth century (see Ghorab 1972; Essid 1987, 1992). Another medievalist identifies 1232 as the approximate year when the Arabic version of the *Ethics* became available (see Arberry 1955). Further, while Al-Ghazali refers to Aristotle and other Greek figures elsewhere in his works, he does not mention Aristotle when discussing economic issues. Thus it is not quite clear whether he was familiar with Aristotle’s *Nicomachean Ethics*. The similarity of perspectives, as well as Al-Ghazali’s references to Aristotle elsewhere, suggests, however, the likelihood that he was familiar with his economics.

A careful examination of the relevant writings of both St Thomas and Al-Ghazali reveals several parallels and similarities—not only in the choice of their topics but also in the content of their commentaries. Several quotations and references from both provide the evidence. It is to be noted, however, that our objective here is not to engage in a content analysis of the economics of each scholar, nor to dwell on the interpretative controversies on specific economic themes proposed by each, especially by St Thomas, whose economics has been scrutinized by several scholars (see Lowry 1987; de Roover 1955; Pribram 1983; Worland 1967).

**St Thomas and Al-Ghazali on cheating, fraud, prices and other related matters**

The following extracts provide relevant citations from St Thomas, followed by comparable assertions from Al-Ghazali’s works.

In “Of cheating”, St Thomas begins “It is sinful to have recourse to deceit in order to sell a thing for more than its just price, because this is to deceive one’s neighbor so as to injure him” (*Summa*, II.I, Q77, quoted in Newman et al. 1954, 17).

St Thomas discusses “fraudulent” and “unlawful” (sinful) trading practices when “a threefold fault may be found pertaining to the thing which is sold. One in respect of the thing’s substance: and if the seller be aware of a fault in the thing he is selling”. Then he quotes from the Bible: “Thy silver is turned into dross, thy wine is mingled with water”; the obvious reference is to adulteration in goods being traded. Further,

Another defect is in respect to quantity which is known by being measured wherefore if anyone knowingly make use of a faulty measure in selling, he is guilty of fraud, and the sale is illicit…A third defect is on the part of quality; for instance, if a man sell an
unhealthy animal as being a healthy one: and if anyone do this knowingly he is guilty of a fraudulent sale, and the sale, in consequence, is illicit.

*(Summa, II.II, Q77, quoted in Newman et al. 1954, 18)*

St Thomas goes on to say that

in all these cases not only is the man guilty of a fraudulent sale, but he is also bound to restitution. But if any of the foregoing defects be in the thing sold, and he knows nothing about this, the seller does not sin…Nevertheless, he is bound to compensate the buyer, when the defect comes to his knowledge.

*(Summa, II.III, Q77, quoted in Newman et al. 1954, 18)*

St Thomas also states: “Wherefore if such like defects be hidden, and the seller does not make them known, the sale will be illicit and fraudulent, and the seller will be bound to compensation for the loss (to the buyer)” *(Summa, II.III, Q77, quoted in Newman et al. 1954, 18).*

A reading of Al-Ghazali’s section titled “Justice and fairness in business-trading practices” reveals about the same kinds of comments and prescriptions as St Thomas offers. Interestingly, Al-Ghazali begins his discussion with a similar admonition: “It is cruel and sinful to sell a good deceitfully at other than the ‘prevailing’ or ‘conventional’ price. One must not do to others what one would not want done to oneself” *(Kimiya, 352).* Below are some comparable observations from Al-Ghazali’s writings:

First, goods being sold must not be praised beyond their worth, for not only will this be falsehood but also deceitful and therefore, cruel and sinful. Specially if the buyer knows the quality of the good, there is no need for exaggeration on the part of [the] seller.

*(Kimiya, 352)*

Secondly, the seller must not try to hide any defects or faults in the goods being sold. Instead, he must frankly provide any such details to the buyer, for hiding them will be fraud, and therefore, cruel and sinful.

Al-Ghazali mentions the examples of transactions involving defective animals (as St Thomas does also). He cites an anecdote pertaining to a lame camel (St Thomas mentions a “horse with one eye”) that was being sold fraudulently, until a pious man, upon noticing the defective animal, intervened and reversed the transaction and admonished the seller for the “sinfulness” of his action *(Kimiya, 353–4).*

“Thirdly, there must be absolutely no fraud in weights and measurements of quantities and they must be consistent with the prevailing price. There
must be complete accuracy and honesty.” Further, “if there is advantage in quantities, it is better that it be in favor of the buyer” (Kimiya, 355–6).

Al-Ghazali then gives examples of “sinful” adulterate activities, such as a butcher mixing bones with meat being sold, and a merchant mixing dirt in grain to be sold, among others. He recognizes, however, the “strong temptation to do such sinful activities” (Kimiya, 356):

> There must be absolutely no fraud in the pricing of goods. And the correct price must not be hidden...A seller might say that he could get a higher than prevailing price from some innocent travelers; this would be wrong and sinful...Also, it will be most sinful if one tries to profit by bidding up the price of something with “planted” buyers.

(Kimiya, 356–7)

In essence, then, it is most important that any information, conveyed to the buyers must be absolutely truthful and there must be no deceit or fraud. Even if a defect in a good has occurred after the seller acquired it, the buyer must be informed...The basic principle for justice and fairness must be restated: that is, anything that one does not choose for oneself must not be imposed upon others. That has to be the key measure of trust and transactions.

(Kimiya, 357)

Elsewhere Al-Ghazali suggests that even if a buyer offers a “high” price, relative to the “prevailing” price, the seller should not accept, for then the profit will be excessive—although accepting the higher price would not be an injustice if there is no fraud (Ihya, 2:79). Further, he insists, the behaviour of the market participants should always reflect benevolence (ihsan)—meaning “doing something extra for another beyond the material benefits, though that extra is not an obligation, but merely an act of generosity” (Ihya, 2:79).

Al-Ghazali then goes on to enumerate some guidelines concerning “benevolence” in the marketplace—such as compassion for the poor, leniency in debt transactions, foregoing repayment when selling to the poor on credit, and so on. The essential guide for business conduct must be “goodness of the Hereafter and of this life” (maslahah al deen wa al-dunya) (Ihya, 2:109).

St Thomas and Al-Ghazali on usury

The subject of usury is probably the most discussed and controversial of the medieval debates, involving Scholastics of each of the three monotheistic faiths—Judaism, Christianity, and Islam.17 The condemnation of usury, which is traceable to the Greeks, was the logical outcome of a combination of the principle of commutative justice with the theory of the valor impositus (imposed value) of money. Thus, according to the principle of commutative
justice, equivalence should prevail in all exchange transactions. Although the “excess” (the Arabic word for usury is *riba’a*) may be regarded as a price paid by the borrower for the right to use a given sum of money for a period of time, it was deemed sinful to fix a price for the use of money, since money was created only to be a medium of exchange and its sole purpose was to measure the value of other goods and to facilitate their exchange (Pribram 1983, 17).

St Thomas’ views on this topic are reflected in the following excerpts:

Now, according to the Philosopher…money was invented chiefly for the purpose of exchange; and consequently the proper and principal use of money is its consumption and alienation whereby it is sunk in exchange. Hence it is by its very nature unlawful to take payment for the use of money lent, which payment is known as usury: and just as a man is bound to restore other ill gotten goods, so is he bound to restore the money which he has taken in usury.

(***Summa**, II.I, Q77, quoted in Newman *et al.* 1954, 20)

Just as it is a sin against justice, to take money, by tacit or express agreement, in return for lending money or anything else that is consumed by being used, so also is it a sin, by tacit or express agreement to receive anything whose price can be measured by money.

However, St Thomas says “it is lawful to exact compensation for a loan…in benevolence and love for the lender, and so forth” (**Summa**, II.II, Q77, quoted in Newman *et al.* 1954, 20–1).

Wherefore if such like things be extorted by means of usury, for instance money, wheat, wine and so forth, the lender is not bound to restore more than he received.

That is, usury received in kind is also sinful and must be reimbursed. “On the other hand, there are certain things whose use is not their consumption: such things admit of usufruct, for instance, house or land property or so forth.” In such instances, the lender who “by usury extorted from another his house or land…is bound to restore not only the house or land but also the fruits accruing to him therefrom” (**Summa**, II.III, Q77, quoted in Newman *et al.* 1954, 21).

Again, here are similar commentaries by Al-Ghazali on the issues relating to the prohibition of usury. He argues that charging interest deflects money from its key function (which, as St Thomas also argued, consists of measuring the usefulness of objects of exchange). Hence an illicit modification of a standard of value would occur when a larger sum of money is received than had been given. The following extract elucidates Al-Ghazali’s position:
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One who practices usury on dirhams and dinars is denying the bounty of God and is a transgressor, for these coins are created for other purposes and are not needed for themselves. When someone is trading in dirhams and dinars themselves, he is making them as his goal, which is contrary to their functions. Money is not created to earn money, and doing so is a transgression. The two kinds of money are means to acquire other things; they are not meant for themselves. In relation to other goods, dirhams and dinars are like prepositions in a sentence—used to give proper meaning to words; or like a mirror reflecting colors but having no color of its own. If a person is permitted to sell (or exchange) money with money (for gain), then such transactions will become his goal, and thus money will be imprisoned and hoarded. Imprisonment of the ruler or postman is a transgression, for then they are prevented from performing their functions; the same with money.

Selling a dirham with equal amount of it with late payment is also not allowed. This can be done only by a generous person who is trying to be benevolent. In the case of a loan, an act of generosity such as this conveys the person gratitude here and reward in the Hereafter. But, if someone exchanges dirhams for a bigger amount, there is no question of thanks or reward. Further, it is an injustice because it is destroying the qualities of generosity and putting it into compensatory exchange.

(Ihya, 4:192)

It may be noted, however, that Al-Ghazali and St Thomas, as well as other Scholastics, generally assumed that the value of a good was independent of the lapse of time. On this assumption, Al-Ghazali argued, there are two ways in which usury can arise in a disguised form. It can happen when there is an exchange of gold for gold, wheat for wheat, and so forth, but with differences in quantity or in the time of delivery. If the time of delivery is not immediate and an excess quantity of the commodity is called for, the excess is called “usury due to late payment or delivery” (riba’-a-al-nasiah). If the quantity exchange is not equal but the exchange takes place simultaneously, the excess quantity given in exchange is referred to as “usury due to extra payment” (riba’-a-al-fadl). Both are forbidden, according to Al-Ghazali. That is, exchange should be in equal quantity, and ownership transfer should be simultaneous; otherwise, usury could occur in disguised form (Kimiya, 339–40).

It is interesting that one finds almost similar arguments with respect to “disguised usury” in St Thomas’ discussions. He talks of “illicit ‘usury’” due to “price increases pro dilatatione” and “price reductions pro acceleratione pretti” (Summa, II.II, Q78, quoted in Pribram 1983, 15). Thus he states:
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It is said that if a man wishes to sell his goods for more than their just price, expecting the buyer to pay later, it is plainly a case of usury, because such waiting for payment has the character of a loan. Hence whatever is exacted for such waiting, in excess of the just price, is a kind of price of a loan, which comes under the head of usury. And, likewise, if a buyer wishes to buy for less than the just price, on the ground that he pays the money before the thing can be delivered to him, it is a sin of usury, because that money paid in advance has the character of a loan, the gain of which is the amount deducted from the just price of the thing bought.

(*Summa, II.II, Q78, quoted in Monroe 1930, 73*)

For the purpose of identifying the aforementioned similarities, we have drawn from St Thomas’ two well-reputed commentaries (“Of cheating” and “Of usury”). However, both St Thomas and Al-Ghazali, especially the latter, also offered comments on several other topics related to economics. Briefly, some elements common to both scholars concerning some of these topics are offered below.

**Value and prices**

In discussing the concept of just price, St Thomas suggests that equivalence of intrinsic values should obtain in all cases in which goods are exchanged for each other, and that the intrinsic value of the goods should be reflected in their prices (Pribram 1983, 12). And, further, he “explicitly pointed to utility as the predominant element in determining the intrinsic value of a good” (reference to *Summa, II.I, Q77*, quoted in Pribram 1983, 14). And, while St Thomas did not connect the concept of equivalence with prices resulting from competitive markets, he did recognize that the “just price of things is not fixed with mathematical precision, but depends on a kind of estimate, so that a slight addition or subtraction would not seem to destroy the equality of justice” (*Summa, II.I, Q77*, quoted in Newman *et al.* 1954, 17; see also Pribram 1983, 14).

Al-Ghazali too discusses price and value in similar terms, except that he talks in terms of a “prevailing” or “conventional” price. And, while his discussion is also couched in terms of “fairness and equity”, for that was about the key social objective of medieval life, he explicitly recognizes the role of voluntary, impersonal market forces. And his prevailing price, two hundred years later, became the “just price” with St Thomas and the “equilibrium price” several centuries later with the Classicals. However, if the prevailing price violates standards of equity and social justice, then state intervention may be necessary—as when there are elements of monopoly and/or when the prevailing price, especially for necessities, leads to “excessive” profits. The following statement provides the essence of Al-Ghazali’s position:

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Man’s inability to fulfill all his needs alone persuades him to live in a civilized society with cooperation; but tendencies like jealousy, greed, competition, and selfishness, can create conflicts. Therefore, some collective arrangement becomes necessary to check those tendencies.

(\textit{Ihya}, 1:17)

As for Al-Ghazali’s value theory, while he recognizes the “use value” of goods when he talks in terms of the market-determined prevailing prices, he is also cognizant of the “exchange value” of things, as when he talks of how equivalence is determined between two items—he gives examples of determining value in exchanging camels for saffron and vice-versa. He says: “Dirhams and dinars are not needed for themselves. They are created to change hands and to establish rules for exchange with justice and for buying goods which have usefulness” (\textit{Ihya}, 4:91–3). Incidentally, Al-Ghazali also talks of “prevailing wages”—similar to St Thomas’ “just wages”. The meaning of this concept also, as that of “prevailing” and “just” price, reflected concern for distributive and commutative justice.

\textit{Limits on profits}

According to Pribram’s assessment of Thomistic economics,

Within the context of a moral theology which condemned any pursuit of gain for its own sake...strict limits were placed on the tendency to expand a gainful enterprise or to increase one’s earnings. Saint Thomas qualified as sinful the prudence of the flesh for which the ultimate end lay in worldly things.

(\textit{reference to Summa}, II.II, Q55, in Pribram 1983, 15)

“The very essence of ‘trade’ in the Scholastic sense”, Pribram writes, “was selling for the sake of gain a thing ‘unchanged’ at a price higher than at which it had been bought” (16). Thus, the gain of a merchant or a moneychanger, it was argued, always implied another’s loss and was, therefore, incompatible with the principle of commutative justice. Saint Thomas expressed a widely held view when he said that there was “something base” about trade, but he recognized the usefulness of a merchant whose activity was to the country’s advantage.

(\textit{reference to Summa}, II.IV, Q87, II.IV, Q77, in Pribram 1983, 16.)

Al-Ghazali approached the issue of profits and trading in somewhat the same manner as St Thomas, although, consistent with the Islamic scriptures, the former is much more accommodating. Any profit seeking endeavours are
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recognized as legitimate, quite in accord with one’s religious calling—not just as matters of expediency, but more as part of the natural order of things, as an expression of self-motivated human aspirations for worldly possessions. Here is part of a longer quotation from Al-Ghazali which conveys the sense of his views:

The motive behind all these activities is the accumulation of profits, undoubtedly. These traders exhaust themselves by traveling to satisfy others’ needs and to make profits, and then these profits too are eaten by others when they themselves obtain things from others. (Ihya, 3:227)

While expressing some disdain, although not condemnation, for profit-seeking, he recognizes the motivations for, as well as the sources of, profits. Profits are viewed as the return to risk and uncertainty, as “they [traders and businesses] bear a lot of trouble in seeking profits and take risks and endanger lives on voyages” (Ihya, 4:118).

However, Al-Ghazali is critical of “excessive” profits. He suggests that if a buyer offers a high price, relative to the prevailing price, the seller should not accept, for profit will be excessive—although that would not be an injustice if there was no fraud (Ihya, 2:79). He suggests, however, that “normal” profits should be around 5–10 per cent of a good’s price (Kimiya, 358). Further, he insists, as would St Thomas indeed, that sellers should be guided by the profits of the “ultimate” market—that is, the Hereafter (Ihya, 2:75–6, 84). He also suggests that profit motivation should be minimal in transactions involving necessities, as exploitation through excessive prices and profits could occur, and that “since profits represent an ‘extra,’ they should be generally sought from non-necessities” (Ihya, 2:73). However, “if there are ‘excess’ profits by mistake, they may be given to charity” (Kimiya, 350).

Views on private property

St Thomas held that private property is best, not because of any natural law, but because it has been proven best through experience. But while the ownership of goods should be private, the right to use them should be held in common so that the needy may have their share.

(quoted in Newman et al. 1954, 16)

Further,

derived only from human reason, it had generally been accepted by all nations, because private production provided a far greater
stimulus to economic activity than common production...On the other hand, St. Thomas declared that although the goods belonged to individuals as far as property or ownership was concerned, all participated in their use.

(Reference to *Summa*, II.V, Q32, and II, Q66, quoted in Pribram 1983, 11)

Al-Ghazali’s views on private property are somewhat similar, but there is a difference in emphasis. Consistent with the Islamic scriptures, all resources belong to God in an ultimate sense, but man is the owner of the fruits of his own labour. Within the constraints of the divine laws, Al-Ghazali sees nothing condemnable or sinful about people being “maximizers” and acquisitive. “Man loves to accumulate wealth and possessions of all kinds of property. If he has two valleys of gold, he wants a third” (*Ihya*, 2:280). Unlike St Thomas, Al-Ghazali does not acknowledge the “common use” of privately produced goods. However, being aware of the need for the common good (*maslaha*, or social welfare), he warns that if the acquisitive spirit leads to greed and pursuit of personal whims, it is then condemnable (*Ihya*, 2:234, 4:101).

**Hoarding**

One does not find anything directly relevant to the issue of hoarding in the two sections I have been discussing in St Thomas’ *Summa* (“Of cheating” and “Of usury”). However, elsewhere it is evident that St Thomas and other Latin Scholastics considered “unlawful” (i.e. sinful) and condemnatory practices such as the “buying of goods in the market with intention to resell them at a higher price” (quoted in Pribram 1983, 14; see *Summa*, II.II, Q77). Clearly, this would also suggest that hoarding goods bought at a lower price with the intention of selling them at a higher price is sinful and to be condemned.

Al-Ghazali condemns hoarding for profiteering in the strongest terms, especially when it relates to necessities:

> If a person hoards food, then how can the needy reach it? This is like preventing access to water so that the thirsty be forced to pay a high price. This is a grave sin. And for grains [food], the sin is for those who intentionally hoard to sell at a higher price later, though not for the farmer who stores grain as a trading practice. (*Kimiya*, 350)

**Counterfeiting and currency debasement**

St Thomas does not say much on this topic, although some of his successors did—for example, Jean Buridan (also known as Johannes Buridanus (d. 1358)), a disciple of William of Occam and rector of the University of Paris, and
Nicholas Oresme (1330–82). However, Al-Ghazali provides a rather sophisticated discussion of the problems of counterfeiting and currency debasement. He regards counterfeiting not only as an individual sin, but, more importantly, extremely harmful to the society:

It is a great injustice to place counterfeited money in circulation. All those handling it are harmed...circulation of one counterfeit dirham is worse than stealing a thousand dirhams, for the act of stealing is one sin, ending once committed; but counterfeit money is something that affects many who use it in transactions for a long time.

(Ihya, 2:73)

As for currency debasement, Al-Ghazali’s comments are insightful:

By zaif [alloy, mixed metal] we mean that unit of money which contains no silver at all; it is only polished; or dinars with no gold in them. If a coin contains some silver but it is mixed with copper and that is the authorized coin in the country, this is acceptable whether silver content is known or not. But, if it is not authorized, then it will not be acceptable...and will be condemnatory because of fraud.

(Ihya, 2:74)

Concluding remarks

The main purpose of this essay has been to present evidence of some parallels and similarities between the economic thought of two eminent medieval Scholastics: the Arab-Islamic Abu Hamid Al-Ghazali and the Latin-Christian St Thomas Aquinas. While St Thomas’ economics is well established in the relevant literature, little is known about the contributions to economics of Al-Ghazali—or, for that matter, almost any medieval Arab-Islamic scholar. The most prominent works of Al-Ghazali (Ihya Ulum al-Din) and St Thomas (Summa Theologica) contained considerable economic content, although both works were primarily attempts to synthesize the respective faiths of each with the “disruptive” influences of Aristotelian rationalism, which itself was stimulated chiefly by Arab-Islamic “Aristotles” such as Ibn Sina (Avicenna) and Ibn Rushd (Averroes).

Although this essay has primarily identified similarities between the economic perspectives of Al-Ghazali and St Thomas, it has also briefly noted the historical links between the medieval Arab-Islamic and Latin-European civilizations generally, along with the parallels and ties between the two medieval giants. Margaret Smith demonstrates specific parallels on numerous philosophical-theological issues, and argues that St Thomas relied heavily upon Al-Ghazali. Similar observations emerge from the investigations of other authors—for instance, O’Leary 1922; Myers 1964; Jurji 1979; Shanab 1974;
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Salman 1935–6; Sarton 1927–48, 1930, 1952; Durant 1950; Sharif 1966; Sheikh 1982; Palacios 1947. Further, this article has provided a glimpse of the socio-cultural and intellectual context in which medieval learning evolved and Scholastic debates took place.

The present undertaking reveals that several economic concepts and ideas associated with St Thomas Aquinas had also been discussed two centuries earlier by Al-Ghazali. Focusing on St Thomas’ commentaries in two chapters of his magnum opus, *Summa Theologica* (“Of cheating” and “Of the sin of usury”), we find similar commentaries on comparable economic topics in the writings of Al-Ghazali, especially in his encyclopedic *Ihya Ulum al-Din*. Also, the fact that others have discovered parallels and connections between these two medieval Scholastics on other topics provides some credence for similar possibilities concerning their economics. After all, St Thomas received his education at an institution where the Arab-Islamic intellectual heritage was the primary focus of studies; moreover, Albertus Magnus, his teacher and mentor, and Raymond Martin, his influential contemporary, were thoroughly familiar with the works of Al-Ghazali and other Arab-Islamic Scholastics; Martin was indeed an avid Ghazali scholar.

Having said this, it must be emphasized that my purpose here has not been to denigrate the enormous contributions of Latin Scholastics, especially St Thomas Aquinas, nor is it my intention to deny any originality to the saint (although some have suggested just that; see, for example, Copelston 1972; Rescher 1966; Harris 1959). The suggestion is not at all that St Thomas’ colossal scholarship be de-emphasized. On the contrary, it seems appropriate that the traditions of Al-Ghazali, Ibn Rushd, Ibn Sina, and other medieval Arab-Islamic Scholastics be added to that scholarship, and that perhaps we may then explore the extent to which St Thomas responded to some and assimilated and absorbed others. It does, however, seem somewhat of an exaggeration for Schumpeter to talk of St Thomas’ “towering achievement” and for another Thomistic scholar to claim that “Aquinas was the founder of a school and that his doctrines were further elaborated and refined by his followers” (de Roover 1955, 162). The fact is that battles between faith and reason, as well as attempts at reconciliation and harmonization, took place centuries prior to St Thomas, in the Arab-Islamic world—and one might add that the debate is chronically perennial. Indeed, some have argued that Scholasticism originated in that civilization, with the likes of Al-Kindi, Al-Farabi, Ibn Sina, Ibn Rushd, and Al-Ghazali—“the giants of medieval times [who] belonged to the Arab culture” (Sarton 1952, 28; see also Makdisi 1974).

Regardless, however, the Arab-Islamic Scholastics, such as Al-Ghazali, were more than mere interpreters and transmitters of Greek thought. As George Sarton (1952, 27) puts it, their role as “transmitters” is “not absolutely untrue, but is such a small part of the truth, that when it is allowed to stand alone, it is worse than a lie”.\(^9\) Clearly, the medieval Latin Scholastics lived in a socio-cultural
environment where intellectual linkages among diverse groups, despite religious antagonisms, had represented a way of life for centuries. And those links make the cherished ancestry of our literary history, covering almost all areas of knowledge, a rather mixed ancestry.

Notes

1 This paper first appeared in *History of Political Economy*, vol. 34, no. 2, 2000; pp. 857–8. It is a revised version of a paper presented at the 1993 History of Economics Society International Conference. I gratefully acknowledge comments offered by Professor Todd Lowry, the paper’s discussant, as well as by faculty colleagues. Also acknowledged are suggestions offered by two anonymous referees; this essay has significantly benefited from those suggestions. The author also deeply appreciates Paul Dudenhefer’s editorial assistance. Any shortcomings remain my responsibility.

2 There is some recent literature, however, that attempts to fill the void. For example, see Ghazanfar and Islahi (1990, 1992). See also Essid (1987); and four papers on the “Great Gap”, as Joseph Schumpeter called the period between the Greeks and Aquinas, in Moss (1996a), especially that by Hosseini. See also Spengler (1964).

3 With complete disregard (or perhaps benign neglect?) for the contributions of the Arab-Islamic Scholastics, Schumpeter (1954, 74) concludes: “So far as our subject is concerned we may safely leap over 500 years to the epoch of St. Thomas Aquinas (1115–1274) whose *Summa Theologica* is in the history of thought what the western spire of the Cathedral of Chartres is in the history of architecture.” The implication here is that for more than half a millennium prior to St Thomas Aquinas, nothing of any significance to economics was said or written anywhere; for a detailed discussion see Ghazanfar (1991). Some recent evidence, however, suggests a slight reversal of this mishap (see note 2 above). Thus Schumpeter’s “great gap” has begun to be filled. As [the twenty-first century begins], historians can celebrate some success in responding to Schumpeter’s implicit challenge. (The textbook literature in the history of economic thought has yet to take adequate notice of this literature, however.)

(Moss 1996b, 7)

4 Some significant exceptions to this observation, however, are a few Arab-Islamic scholars who did write separate volumes on economic issues; for example, Abu Yousuf (731–98), Al-Farabi (870–950), Nasir al-Din Tusi (1201–74), and a few others. Referring to St Thomas (although relevant to all medieval Latin scholarship), Arthur Monroe (1930, 52) says that “he never discussed economic subjects abstractly, but always in connection with larger problems of ethics and politics”.

5 Here and throughout this article the word “influence” must be interpreted in rather broad terms. In the present context, it might be useful to simply quote Maria Menocal (1985, 73):

The more important point, however, is that cultural influence is not necessarily a straightforward process by which one copies something from someone else…On the contrary, one must recognize that Arabic culture was the
prestige culture for Europe in this period of time, a sort of a radical chic in some ways.

On transmission of influences and cross-fertilization of ideas across cultures, see also Daniel (1975); Goodwin (1972); Goodwin and Holley (1968); Samuels (1974); Spengler (1970).

6 As for the Greek heritage, according to one of the eminent contemporary historians of economic thought, “the medieval Europeans got their Greek economics served on an Islamic plate” (letter to author dated 22 August 1990 from S.Todd Lowry of Washington and Lee University). In the same vein, Eugene Myers (1964, 63) says that “the Arab intervention literally saved Greek knowledge from being destroyed, added to that knowledge, and handed it on a silver platter to Western Christendom”.

7 Paradoxically, while the Dominican St Thomas was among the staunchest critics of Ibn Rushd, he did not escape his influence. Ernest Renan expressed this paradox in his *Averroes et l’Averroisme* (1852): “St. Thomas is the most serious adversary that the Averroes doctrine has encountered, and yet one can go further and say, paradoxically, that he is the greatest disciple of the Great Commentator” (quoted in Fakhry 1997, 5).

8 For the indebtedness of St Thomas Aquinas to Al-Ghazali and comparisons of the two, see Sarton (1927–48, 2:914, 915, 968); Guillaume (1931, 273, 275); and Durant (1950, 963). Further, Moore (1948, 457) compares Al-Ghazali with St Thomas Aquinas, but then adds that “his personal contribution to theology was much more considerable than that of the Christian theologian”.

9 While my focus in this article is on the similarities between Al-Ghazali and Aquinas in economics, several parallels and linkages between Al-Farabi and St Thomas have been documented on other topics by the Reverend Robert Hammond. After a detailed comparative analysis, Hammond (1947, 55) concludes that “the Saint who came out with [a given] theory three hundred years later, must certainly have borrowed it from Al-Farabi”.

10 As one might expect, there were “Aristotles” in each of the three Abrahamic, monotheistic religious traditions. The Jewish Aristotle was Moses Bin Maimonides, a pre-Aquinas contemporary of Ibn Rushd who was familiar with the writings of Al-Ghazali and others, Specifically, his *Guide to the Perplexed* was inspired by Al-Ghazali and included passages from the latter’s *Al-Munqidh Minal Dalal* (The Deliverance from Error) (Myers 1964, 42). According to T.J.DeBoer (1965, 209), “The development of the Jewish study of philosophy culminated in Maimonides (1135–1204), who sought, chiefly under the influence of Farabi and Ibn Sina, to reconcile Aristotle with the Old Testament”.

11 Emphasizing the theological-philosophical similarities between the two medieval Scholastics, Bertram Thomas (1937, 189) says, “The greatest Moslem mystic, a man of wonderful erudition and deep piety, was Al-Ghazali, called the St. Thomas of Islam”.

12 There were other European institutions that patronized Arab-Islamic studies - for example, the University of Salerno, where Constantine of Africa taught Arabic medicine during the early Middle Ages (Walsh [1937] 1969, 89), and the School of Salamanca, founded in 1218 by Alfonso IX and which was the “first European center for the study of Arab culture” (“Salamanca”, 20:373). Similar emphasis on Arab-Islamic scholarship prevailed at other institutions (Bologna, Montpellier, Oxford, Paris, to name but a few). In fact, as reminders of that heritage, the portraits of Arab-Islamic Scholastics, such as Ibn Sina and Al-Razi, are still to be “seen on the great hall of the School of Medicine at the University of Paris” (Goldstein 1988, 100).
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13 For the sake of clarification, references to the *Summa* are usually cited as pertaining to the relevant part, followed by the relevant article (answers) relating to the specific question. For example, “*Summa*, II.II, Q78” refers to part 2, article 2, of question 78. Typically, there are several articles (answers) to each question.

14 A similar methodological approach prevails with Al-Ghazali. This becomes obvious from a glance at the table of contents, the organization, and the manner and style of presentation in the relevant works of both these scholmen. Further, “the scholastic method used by the medieval Christian scholastic was already in current use among Muslim jurists long before St. Thomas” (Chejne 1980, 111–12). See also Makdisi (1974).

15 Most of the references to Al-Ghazali’s works in this article are taken from his *Kimiya-e-Saadat*, a somewhat abbreviated Urdu-language translation of the original *Ihya Ulum al-Din*. Based on my previous explorations in Al-Ghazali’s Arabic-language volumes, I attest that I translated the passages cited from *Kimiya* as accurately as scholarly resources allow and in a manner that I believe is true to the spirit of Al-Ghazali’s original. Several citations, however, are extracted from the original *Ihya*, as incorporated in Ghazanfar and Islahi (1990).

16 Both Al-Ghazali and St Thomas supplement and sanctify their arguments by citing appropriate quotes and episodes from relevant religious scriptures (which, for Al-Ghazali, means Islamic scripture as well as the Old and New Testament) and the Greek sources. For example, in emphasizing the importance of work and effort (as part of one’s religious calling), Al-Ghazali tells of a tradition associated with Jesus Christ. When Jesus asked a man, “What do you do for a living?”, the man answered, “I spend all my time in worship of God”. Jesus then asked, “Where do you get your food?” He responded, “I have a brother who provides me food and other necessities”. Jesus admonished him and said, “Your brother indeed is a more pious worshipper of God than you are” (*Kimiya*, 331).

17 According to William Ashly (1906, 1:395), “The prohibition of usury was clearly the centre of the canonist doctrine”. Others disagree, however, for “Schoolmen considered equity in distribution and exchange as the central problem in economics. The usury issue was a side issue” (de Roover 1955, 166).

18 The spirit of enterprise, the pursuit of business and trading activities, and work for one’s material improvement have always been stressed in Islamic scriptures. Thus “Muslim writers of this period do tend to be more sympathetic to mercantile activity than those of Christian Europe…much of early Islamic literature was in fact written in a mercantile environment” (Cook 1974, 226; see also Kramers 1931).

19 Numerous Western scholars who have explored the contributions of medieval Arab-Islamic scholars in much greater depth are typically keen to applaud their contributions, as well as their influence on the evolution of the Western Enlightenment. And often they are critical of too much “egocentrism” in the Western halls of learning. One of the most renowned Western scholars, W. Montgomery Watt of the University of Edinburgh, who devoted a lifetime to studying the works of several Arab-Islamic scholars, especially Al-Ghazali, has this to say:
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For our cultural indebtedness to Islam, we Europeans have a “blind spot”. We sometimes belittle the extent and importance of Islamic influence in our heritage, and sometimes overlook it altogether. For the sake of good relations with Arabs and Muslims we must acknowledge our indebtedness to the full. To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)

Further, “it is an anachronism to project into the Western Middle Ages the contempt for the Near East that has characterized the Occident in more recent centuries” (White 1969, 4).
13

EARLY MEDIEVAL ISLAMIC ECONOMIC THOUGHT

Abu Yousuf’s (731–798AD) economics of public finance

M. Nejatullah Siddiqi and S. M. Ghazanfar

Introduction

As a systematic and specialized body of knowledge, the field of economics is no more than 200–250 years old. However, even prior to this period numerous scholars wrote on various economic issues, and explored some guiding principles relating to agriculture, manufacturing, trade and commerce, taxation, the economic role of the state, and other economic matters. One finds considerable discussion of topics such as voluntary exchange, barter, and the evolution of money, and it becomes evident that these scholars were aware of some of the fundamental economic notions, though the tradition of formal economic science evolved much later. Such early discussions are chiefly to be found in the writings of philosophers and men of practical affairs, almost invariably couched in a religious-teleological framework. There is a vast literature that provides evidence of discussions of economic issues by various scholars during the ancient times as well as the Middle Ages (see Lowry; Pribram; Schumpeter; and others).

However, given the environment in which knowledge in general evolved in the West, one does not find in the relevant literature mention of Arab-Islamic scholars, nor, for that matter, any other non-European sources. On the other hand, it is inconceivable that before the emergence of modern Western civilization, the other older civilizations could not have produced any worthwhile discourses on economic issues. For these older societies, as was the Islamic world during its “Golden Age”, were at various times the most advanced of civilizations. In particular, the contributions of Islamic scholars during the medieval centuries, through translations and other sources, significantly influenced the European Renaissance (see, for example, Dawson; Haskins; Nebelsick; Sarton; Southern; and others).

Further, it may be briefly noted that the aforementioned “discontinuity” has been strengthened and perpetuated by the unfortunate legacy of the Schumpeterian “Great Gap” thesis, reflected in almost all relevant literature—the argument being that the five hundred years prior to St Thomas Aquinas...
(1224–74) represented “blank” centuries, during which nothing of relevance to economics, nor, it would seem, to any other intellectual pursuit, took place (Schumpeter 1954, 74). Fortunately, however, beginning with an excellent essay on Ibn Khaldun almost four decades ago, the “gap” is gradually being filled by some recent literature (see Boulakia 1971; Essid 1987; Ghazanfar 1991, 1995, 1998, 2000; Ghazanfar and Islahi 1990, 1992, 1997; Hosseini 1996; Moss 1996; Spengler 1964).

Notwithstanding the preceding remarks, our purpose is not to explore the vast literature emanating from these scholars, nor to debate the Schumpeterian mishap. Our objective is more limited—but a step in the direction of filling that “gap”. We have chosen to focus on the economic thought of a prominent early medieval Islamic Scholastic—one among a list of many—named Yaqub Bin Ibrahim Abu Yousuf (AH1 13–82/731–98AD). In particular, we will present some key aspects of his commentaries on public finance issues. Abu Yousuf’s famous book, Kitab al-Kharaj (also known as Kitab al-Risala fi al-Kharaj ila al-Rashid), was compiled at the behest of Caliph Al-Rasheed; and this Arabic-language work is the primary source for the present undertaking.

Abu Yousuf: his life and times

Abu Yousuf was born in Koofa (Iraq) in 731AD during the last stages of the Umayyad dynasty (661–750). During his youth, the reins of power were taken over by the Abbasid dynasty (750–1258), and as Abu Yousuf reached maturity this dynasty was in full control. Abu Yousuf lived the last seventeen years of his life in Baghdad, the capital of the vast Abbasid sultanate. This was also the peak period of the Abbasid empire, whose borders stretched from China and Sindh in the east to the deserts of Libya in the west, and from the river Sabaoon and Mt Kafakaz in the north to Yemen and Central Africa in the south. This was the most powerful state of its time, and it had various links with Europe and India. The rulers from these regions used to send precious gifts in the caliph’s court. In this vast state, Islamic jurisprudence, having gone through a compilation process in the light of the Holy Qura’an and the hadith, represented the basis of national laws.

This was also a period of considerable economic prosperity. “The height of Abbasid power was a period of unexampled prosperity, magnificent building and cultural efflorescence” (Barraclough 1979, 105). There was abundant production of grains and fruits in the fertile lands of the Nile Valley and Syria, and necessities in particular were relatively low-priced. Baghdad was revitalized as a city during the reign of the second caliph, Abdallah Al-Mansoor (AH136–58/754–75AD) and became the centre of world commerce. On the river Tigris, on whose shores Baghdad is located, one could see vessels from all over the world. In the bazaars of Baghdad, one could find silk from China, mink and utensils from India, spices, minerals and dyes from Malaya, cloth, diamonds and jewels from central Asia, honey, wax and samood from Russia and Scandinavia, gold, ivory and slaves from
East Africa, as well as the domestic produce of the state. And from Baghdad, numerous finished and unfinished goods, as well as goods imported from abroad, were typically exported to Europe and Africa. Further, at this time Baghdad was the largest international centre of medieval learning in all spheres, and numerous scholars from all over the world and of all faiths—Jews, Christians, Muslims, Hindus, Parsis, and so on—would gather there in pursuit of such learning (see Severy 1991).

Abu Yousuf belonged to a poor household and was forced to earn a living at a young age. However, his thirst for learning brought him to academic circles. He was a special pupil of Abu Hanifa (the founder of the Hanafi school of thought, one of four on Islamic jurisprudence; d. 767), later appointed grand judge (qadi’il qudat) of the Abbasid sultanate by the fifth caliph, Haroon Al-Rasheed (763–806AD; reigned AH170–93/786–806AD). Abu Yousuf’s scholarship largely reflects the teachings of Abu Hanifa, though he also benefited from others. Soon his intellect, especially in Islamic jurisprudence, enabled him to excel over his contemporaries. Indeed, he is generally viewed as second only to his mentor, Abu Hanifa. As a tribute to his intellect, one of Abu Yousuf’s translators, referring to his Kitab al-Kharaj, says “Such an oration, worthy of a Biblical Prophet, could have been made only by a great and courageous spirit like Abu Yousuf”, and that Abu Yousuf “was renowned for his erudition and vast knowledge in all branches of religious jurisprudence…with common sense as an additional method for expounding and interpreting the Quranic precepts” (Ben Shemesh 1965–9, vii, 4).

The third Abbasid caliph, Abdallah Al-Mehdi (AH1 158–69/775–85AD), appointed Abu Yousuf as the Qadi of eastern Baghdad. The fourth caliph, Musa Al-Hadi (AH1 69–70/785–6AD), made him Qadi of the whole of Baghdad, and, as noted, subsequently the fifth caliph, Haroon Al-Rasheed, appointed him as the grand judge of the sultanate and he held this position until his death. Subsequently, all other qadis (judges) in the empire were appointed after consultations with Abu Yousuf. Because of his vast knowledge and insight, the caliphs would consult Abu Yousuf on all major political, fiscal, and administrative issues.

Caliph Al-Rasheed began his reign with a passionate commitment to promoting the common good in accordance with the Sharia rules of justice, which emanate from Islamic jurisprudence. Among his various pursuits toward this goal, he would often raise questions about political, administrative, and fiscal affairs of state, but especially about taxation and expenditures. In an attempt to answer such questions, Abu Yousuf compiled a detailed collection of essays, subsequently becoming famous as Kitab al-Kharaj (or The Book of Taxation); this book has since been published in several languages, including English. It might be noted that during this period several other scholars also wrote discourses on taxation and related topics (see translations by A. Ben Shemesh 1965–9).

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Abu Yousuf’s economics of public finance issues

The Arabic word *kharaj* refers to taxation and “is levied on land irrespective of whether the owner is minor or adult, free or slave, Muslim or non-Muslim” (Siddiqi 1968, 70). Thus, *kharaj* is usually identified with *land taxation*, and “of the various sources of revenue which accrued to the Bait al-Ma’al, the ‘kharaj’ was much the most important” (Levy 1962, 311). Some of the works on taxation by Islamic scholars, including Abu Yousuf’s, extend even further and discuss other fiscal issues as well as administrative affairs—such as public borrowing, costs and benefits of public projects, the allocation of expenditures on public projects, etc. In addition to such matters, Abu Yousuf also provides guidance on such topics as:

1. rules of conduct during war and peace;
2. military rules and regulations;
3. responsibility of rulers and officials toward the general public welfare;
4. duties and obligations of citizens for the common good;
5. guidance on promoting the general public welfare;
6. postal and other communication systems of the state, and so forth.

Relatively, he also provides considerable historical detail and background for his discourses.

In the present paper, we will examine particularly the analytical content of Abu Yousuf’s economic thought found in the aforementioned book, with special reference to public finance issues. The reader should bear in mind, however, that all discourses during this era reflected the tenor of the times—an holistic, unified approach to knowledge, pursued with a teleological orientation, with human salvation as the ultimate objective. The discipline of economics as we know it today was non-existent, and any discussion on economic issues tended to be highly normative, though one would often discern numerous positive elements as well. Abu Yousuf’s book was written about a thousand years before Adam Smith’s *The Wealth of Nations* (1776); and the most famous representative of Latin-medieval economic thought, St Thomas Aquinas, appeared on the scene five hundred years after the appearance of *Kitab al-Kharaj*. Further, in Abu Yousuf’s time the works of Aristotle and other Greek scholars had not yet been translated into Arabic and the Arab Scholastics were not familiar with that literature.

For the purpose of examining Abu Yousuf’s analytical arguments or his comments on particular topics, we must reproduce some of the relevant passages from his book, though we cannot do so extensively in this brief paper. Thus we restrict ourselves to four distinct public finance topics relevant to contemporary economics:

1. tax rates—fixed vs. proportional;
2. the price of grain and its supply;
tax collection and administration; and
the financing of rural development projects.

Tax rates: fixed vs. proportional

During periods of war, territories that were merged with the Islamic state were subject to taxation, as per Islamic jurisprudence (Abu Yousuf 1927, 82). If there were any agreements with the nations of conquered lands, then the state was obliged to follow the terms of those treaties and no change in tax stipulations could be made without the consent of those nationals. In other words, the state was entitled to collect a tax of a reasonable rate from the landowners. While ownership was with the state, the former owners of these lands had full rights of cultivation, without the threat of disinheritance (Sallam 1928, 69, 72, 74, 91, 279). Many areas of Iraq, Egypt, and Syria were conquered territories or became subject to the Islamic state through peace treaties. These territories were also the subject of Abu Yousuf’s treatise. Thus the following discussion pertains to these territories, but there are several general principles relevant to public finance that emerge from these pages.

During the period of the Persian empire that previously ruled these conquered territories, the prevailing practice was a fixed tax rate (cash or in kind), imposed according to the land area—for example, so many dirhams per acre or so much grain per acre. This practice prevailed even during the reign of Caliph Omar during the Umayyad sultanate when Iraq and Syria became part of the Islamic empire. In technical terms, the method was called the “fixed-by-land” approach to taxation, i.e. the calculation of a certain amount of cash or grain per unit of agricultural land. Omar maintained the levy at rather low levels, and he made investigations to ensure that the tax was not an excessive or inconvenient burden on the farmers. This approach prevailed during several caliphates till the death of the Abbasid caliph, Mansoor, in AH158/775AD.

When the Abbasid sultanate became established, food grains were rather expensive, but during the reign of the second caliph. Al-Mansoor, prices were much lower. Because of such variations in prices, it was felt that some fundamental change in the method of taxation was necessary. Thus, a vizier of the third caliph, Mehdi (AH158–68/775–85AD), Abu Ubaidullah, proposed that the tax be fixed in some relation to the produce, rather than land acreage. The approach was implemented—and was called the “share-of-produce” approach (“sharecropping” in contemporary terms). The distinct advantage of this approach was that the effect of variations in price or quantity of the produce was equal on both the farmers and the state treasury, and there was no conflict of interest between the two parties. Moreover, this method avoided the need for frequent changes in rates to generate more revenues. Thus, effective from AH160/777AD, the following rates prevailed for various types of cultivated land:
1 50 per cent of the produce from naturally irrigated lands (rivers, lakes, rains)
2 33 per cent of the produce from artificially irrigated lands
3 25 per cent of the produce from lands requiring laborious irrigation

However, the former method of taxation continued to prevail regarding fruit orchards (dates, etc.), as well as on vineyards (see Rayees 1957, ch. 5, for more details).

Caliph Al-Mehdi was a rather extravagant ruler toward the end of his reign, and when he needed more revenue, he increased the rates on lands irrigated in the Tigris-Euphrates basin and on rain-irrigated lands from 50 to 60 per cent per unit of land. This practice also prevailed during the short reign of Caliph Al-Hadi. When Caliph Haroon al-Rasheed took over, he appointed as his vizier a highly capable and wise man, Yahya bin Khalid bin Barmak. At his recommendation, the rate reverted to 50 per cent on rain-irrigated lands (Rayees 1957, 407).

As mentioned earlier, this was the period when Abu Yousuf wrote his Kitab al-Kharaj, at the suggestion of Haroon Al-Rasheed. He discusses land taxation and related issues in detail in this volume. After describing the history of the acquisition of these territories, as well as the system of taxation upon them, he provides a rather cogent discussion of the “fixed-by-land” and “share-by-produce” methods of taxation, then proposes what he calls the “fair rates” of taxation. Favouring the “proportional share of produce” method over the “fixed share” approach, he recommends the former even for fruit orchards and vineyards. He says (Abu Yousuf 1927, 57):

I am of the opinion that the imposition of a fixed amount of food grains or of money is harmful for the Sultan as well as the Treasury. This approach will also hurt the taxpayers/farmers as well.

As far as the payment according to a fixed amount of grain is concerned, the Sultan will consider the quantity inadequate if grain price is low. The taxpayer-farmer is relieved but the Sultan is really not content. With such limited revenue, the strength of the army will be weakened and the state boundaries will not be adequately protected.

If grain is rather high-priced, then taxpayers will feel the burden of the fixed-quantity of grain as high, but the Sultan will not tolerate any reduction.

And low and high prices are in the hands of God; they are not the same in effects,

Imposition of tax in fixed amount of money (dirhams) is similar. In this connection, other considerations become relevant, but this will require considerably lengthy discussion.
Then, after commenting on the causes of rising and declining grain prices, Abu Yousuf writes (1927, 58–9):

In my judgement, the best approach is to impose a fair and low fixed-rate for sharing the land-produce (or crops). This will protect the taxpayer-farmers from any mutual excesses and from exploitation by others, as well as leave a share with them. Further, this will enhance state revenues. Also, the taxpayers will be protected from the exploitation of their sponsors and public officials. All the residents of Swad should be levied a 40 per cent tax on wheat and barley cultivated from lands irrigated by running water (rivers, lakes, etc.), and 20 per cent on irrigated lands’ produce, 33 per cent on date trees, vineyards, fruit orchards, etc. and 25 per cent on summer crops.

Taxes must not be determined by rough estimation or guessing of crop size. The crop should be sold in the market and the requisite shares be levied on the money amount. Alternatively, the crop should be valued at some fair market price and then the tax rate be applied so that the taxpayer is not harmed, nor is there a loss to the Treasury. Between these two methods, the one that is most convenient to the taxpayers must be followed.

As this quotation reveals, Abu Yousuf believes that a fixed-rate tax on land (i.e. a certain amount per unit of land) is contrary to the principles of justice. Further, the effects of this method are at times counter to public welfare, as well as damaging to state interests. Suppose the tax on grain is in terms of a fixed amount per acre: in this case, when grain prices are low, the state treasury will lose, because the fixed amount of grain acquired in taxes will generate less revenue, as compared to when prices are higher. Because state expenditures are already fixed and subject to cash outlays (for example, wages for armies, security forces on state borders, etc.), therefore, reduced revenues will be detrimental to the fulfilment of such state responsibilities. While Abu Yousuf does not clearly put forward the “cash outlay” argument, he seems to imply that view when discussing potential shortfall between revenues forthcoming and expected state expenditures.

Abu Yousuf also mentions that when grain is high-priced, the cultivators will find it burdensome to pay a fixed amount of produce from a given area of land. He abstracts from any detail and does not elaborate why so. Do the taxpayers/farmers sense that in terms of grain prices, they would pay more in taxes?

It is worth mentioning here that when criticizing “fixed quantity of grain” taxation, Abu Yousuf does not say that because there could be variations in crop size, therefore this method was unjust. If prices are high because of crop shortages, the farmer still has to pay the fixed amount per
unit of land from the reduced crop, as he would have paid from the larger crop. This, indeed, will be rather burdensome. Instead of arguing in this manner, Abu Yousuf simply focuses on the market price of the grain. It is not that he is unaware of the preceding situation, for he must be, as when he proposes the alternative “share-of-produce” (i.e. proportional rate) approach to land taxation. Perhaps the reason why he does not elaborate the preceding point is that he does not want to take the position that low grain prices are the result of an abundant harvest or that high prices are the consequence of crop shortages. Instead, he is saying that the market price is never constant. And it is this phenomenon that he suggests is the root of the problem with fixed-rate taxation.

We will have opportunity to comment on this view of Abu Yousuf later. However, there is another dimension of this matter that now deserves attention. The variable price of grain is the consequence of surplus or shortage through market conditions in general, and not the result of the crop yield of any individual farmer. Abu Yousuf is concerned with the individual taxpayer-farmer, or more properly, with the land being cultivated by that farmer. Thus he is not assuming that grain price is low because each farm has excess output, or high because of smaller yields. This is probably the reason why in criticizing fixed-rate taxation, Abu Yousuf does not present the argument that we mentioned above. He is being realistic, in that after witnessing an existing situation, he is offering practical solutions, and not necessarily compiling an essay on economic insights.

In declaring the “fixed amount of cash” tax to be damaging, just as the “fixed amount of grain” tax is detrimental, Abu Yousuf also discusses and clarifies “some other considerations”. Between the two methods, it is quite clear that when grain is low-priced, a fixed-cash amount per unit of land will be rather burdensome for farmers, and the opposite will hold for higher prices. But what are these other considerations that Abu Yousuf hesitated to mention because he feared a “lengthy discourse”? Was he thinking of the purchasing power of the dirham? Or was he thinking of the effects of “fixed amount of cash” tax when there is variation in price of goods from the perspective of revenues for the state treasury? We need not speculate excessively here. But were he not fearful of a “lengthy discourse”, we probably would have learned considerably more from his analytical insights.

Abu Yousuf favours the “sharecropping” (proportional rate) method of taxation on produce, as opposed to the fixed-rate method. He believes the former approach is beneficial to the state and fair to the farmers. His criticism of the fixed-rate approach seems to suggest that for him, with the adoption of a proportional rate, variations in the price of grain will not significantly affect the burden on farmers, nor appreciably affect state revenues. And the relative position of the two groups (farmers and the state) will not be affected by price variations.
It is evident upon reading Abu Yousuf’s narrative prior to the quotations provided above that for him there are some other benefits from the fixed-rate method. When fixed-rate tax is levied, it also extends even to those lands that are cultivable but actually not cultivated for whatever reason. With the fixed-rate method, the burden is on farmers’ incomes or produce, for the levy is only on those lands that are actually under cultivation. Another benefit is that under the fixed-rate method farmers will hesitate to cultivate less fertile, marginal lands, for they will pay a fixed amount to the state regardless of how much they produce, whereas the proportional rate method provides an incentive to cultivate such lands and thus expand agricultural output, because the tax will be in some proportion to that output.

Abu Yousuf also argues that the approach he favours will also increase revenue for the state treasury, since the “sharecropping” method, with its fixed rate of produce, provides incentives for increased agricultural output, according to Abu Yousuf. The fixed-rate method does not have this incentive feature, for here the state revenue would depend on acreage cultivated, not on crop yield.

In terms of modern terminology, the difference between fixed-rate and fixed-share is about the same as between a tax on land acreage, regardless of whether cultivated or not or how much is yielded from it, versus a tax on agricultural income or output. The latter is a proportional tax, under which income/output can increase with the scale of production. Abu Yousuf is clearly aware of the difference.

Abu Yousuf also insisted that tax rates be low. The rates he proposed were lower than those existing at the time (see Table 13.1).

Concerning categories 1 and 2 in the table, Abu Yousuf’s proposed rates are lower than those prevailing at the time, but not so in the last category. A basic change is the proposed rate concerning the third group of crops (fruit orchards, vineyards). The advantages of these reforms have been pointed out

<table>
<thead>
<tr>
<th>Type of agricultural land</th>
<th>Former rates</th>
<th>Increases by Caliph Mehdi</th>
<th>Rates proposed by Abu Yousuf</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Rain-irrigated crops</td>
<td>50%</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2 Irrigated crops</td>
<td>33%</td>
<td>33%</td>
<td>10%</td>
</tr>
<tr>
<td>3 Fruit orchards, vineyards</td>
<td>Fixed-amount</td>
<td>Fixed-amount</td>
<td>33%</td>
</tr>
<tr>
<td>4 Irrigated crops (labour-intensive)</td>
<td>25%</td>
<td>25%</td>
<td>–</td>
</tr>
<tr>
<td>5 Summer crops</td>
<td>–</td>
<td>–</td>
<td>25%</td>
</tr>
</tbody>
</table>
earlier. Further, such reforms also seem essential for greater justice in tax burdens (see Rayees 1957, 441, for more details on categories 4 and 5).

Elsewhere in the same book, Abu Yousuf clarifies his view and says that given the prevailing conditions, it would not be appropriate to levy fixed-rate taxes, because they would be too burdensome for farmers (1927, 101). Further, he mentions the views of Caliph Omar, in that in certain parts of the state, he had implemented the “sharecropping” method of taxation (1927, 101–2).

Abu Yousuf also makes it clear here that it is essential that tax rates be bearable for farmers and that their crop yields enable them to conveniently afford the levy. Beyond that he says that in general tax rates should be low, for low rates contribute to the overall well-being of society (1927, 133).

Tax collection and administration

Abu Yousuf also argues that the proposed method will also remove any excesses among the taxpayers themselves, and also from the exploitation of the tax collectors. Elsewhere in his Kitab al-Kharaj he discusses these points in some detail (1927, 58). He is of the opinion that under the former approach, tax collectors would often measure the land to be taxed in excess of the actual size in order to generate more revenue. However, the size of the land becomes irrelevant if the tax is based on some proportion of the crops produced; thus the source of the injustice upon farmers is removed. Further, he insists that the crop size and output not be merely guessed; they should be exactly measured, or the proper market value be ascertained through a neutral party—and then the levy due to the state be determined and collected (1927, 120). Further, if the farmer wishes, he could sell the produce in the market, and then pay the state treasury according to the applicable fixed rate of revenue.

Abu Yousuf also discussed in detail the administrative aspects of tax collection (1927, 125–6). In this connection, he is absolutely opposed to the notion of contracting with middlemen for tax collection. This, according to Abu Yousuf, will lead to extreme brutality and excesses, causing a decline in agricultural activity and reduced crops, and as a result a decline in state revenues. Socio-economic well-being in general will deteriorate. For reasons of brevity, we shall not discuss Abu Yousuf’s thoughts in this context in detail.

Another principle emphasized by Abu Yousuf is that the tax rates be determined by central government and that local administrators and tax collectors should not have the authority to raise or lower taxes (1927, 128). Local officials must not be authorized to raise existing tax rates, to impose new taxes, or to collect extra sums of money or grain under any pretext. Further, in this connection, they are strongly forbidden to accept any gifts from the general public (1927, 97–8, 128–30).

In addition to taxes being low and bearable, a third principle evident from Abu Yousuf’s writings is that the tax be collected with utmost convenience and civility. Soon after the crop is harvested, the state levy should be collected,
so that the grain does not spoil in its storage bins, and so that the farmers do not suffer and their agricultural activities are not discouraged for the future. As the grain is divided, the measurements must be made with complete fairness, so that farmers’ rights are not violated in any way. It is essential that measurements be done with proper instruments and not by approximation (1927, 129–30). Abu Yousuf is most critical of harsh and cruel methods of tax collection, and asks the caliph again and again to seek ways of preventing such excesses (1927, 129, 131, 133, 137, 147, 149).

Abu Yousuf is most emphatic in insisting that the tax collection efforts must be in the hands of officials who are absolutely honest and trustworthy and well versed in the Islamic Sharia (1927, 127–8). They should receive proper compensation (1927, 135). Their professional conduct must be strictly observed, and as a deterrent, anyone engaged in mismanagement must be firmly chastised and punished. Any official proven guilty of embezzlement or other misconduct must be dismissed immediately and never employed again (1927, 132–3).

In discussing the proper estimation of taxes and gentleness in collection, and given his emphasis on honesty and proper knowledge of the law on the part of tax collectors, Abu Yousuf emphasizes the importance of the holy scriptures and *hadith*. On the other hand, however, he stresses those principles for the sake of social welfare and as matters of human rights. In addition, he stresses that underlying those principles are the ways of promoting the society’s material and spiritual well-being. Thus he says (1927, 132):

> When justice is established, when fair treatment is given to victims of excesses, and when oppression and tyranny are avoided, then in addition to ensuring human salvation, enhancement of a nation’s prosperity also become possible—and revenues also increase. *Barkaat* [beneficence] is associated with the practice of justice and not with oppression and tyranny. Any taxes that are collected through oppression will lead to the destruction of the state.

**The price of grain and its supply**

In discussing the taxation of agricultural lands, Abu Yousuf also mentions that agricultural prices do not stay at one level but are variable. This is a commonplace, but he also adds that (1927, 57):

> There are no fixed limits to higher or lower prices that one could determine. Such matters are settled by natural forces—one does not know how. Lower prices are not due to abundance, nor higher prices due to shortages. Higher or lower prices are with the blessing of God and subject to His guidance. This too can happen that grain is plentiful but expensive and also that grain is in short supply and rather low priced.
It seems that what is usually understood is that variations in the price of grain are due to variations in its supply. When supply increases, prices fall; when supply is short, prices rise. Abu Yousuf denies this view, and observes that sometimes even with abundant supply, grain prices are high, and at other times when supply is low, grain prices are low. The reason for this, he suggests, is not variations in the supply or production of grain; if that was the case, then one would always witness high prices associated with short supply and low prices with abundant supply. However, this is not so; thus what is commonly observed cannot be accepted as valid, and therefore public policy, especially tax policy, should not be determined on that basis.

As evident from our previous discussion, this viewpoint emerged in the course of our discussion of the inappropriateness of fixed-rate taxation on farm lands. It was sufficient in that context to merely talk of the link between the price and supply of grain. For Abu Yousuf, there is no strong or fixed relationship between the price of grain (or the purchasing power of the dirham) and the supply or production of grain. He argued this point as the basis of his view that to call for fixed-rate land taxation in cash would be contrary to justice because the rate would sometimes be equivalent to a rather large amount of grain (in times when grain is abundant and prices are low). And it will not be possible to argue that the first situation is due to lower crop size and the second due to a large crop.

Since the issue of grain prices entered the argument somewhat peripherally, Abu Yousuf did not discuss it in detail, neither did he analyse it fully. He did not consider the possibility of demand for grain, along with its supply, as well as variations in incomes. He did not consider the possibility that the price of grain could vary as a result of factors in addition to supply, such as the demand for grain, variation in incomes, variation in money supply, etc. However, we need not jump to the conclusion that he was necessarily unaware of such influences. The reason for this (aside from the fact that his main concern was not the price determination of grain, but the taxation of agricultural lands) is that he did not even discuss in this context the activities of the farming population, even though he and other jurists who preceded him were fully aware that prices can rise or fall due to agricultural activities. Further, just before expressing these opinions, he has insisted that levying a fixed-rate tax in cash was contrary to the principles of justice. And he has also said that in this context there also are relevant “some other considerations”.

In the light of these arguments, and keeping in mind Abu Yousuf’s remark that “we do not know how it [grain price] is determined”, we can conclude that for him the grain price depended not on supply alone. He recognizes the influences of other factors, though he does not elaborate. Though we would not say that this interpretation is analytically strong, we must remember, however, that in this connection Abu Yousuf did not have the background of any existing accumulated literature, nor was he familiar with Aristotle’s analysis (which itself was deficient, in that he did not discuss price
determination in terms of demand-supply forces (Schumpeter 1954, 60)). As for price determination through market forces, Schumpeter has argued that such a development did not emerge until the eighteenth century (1954, 305). However, one does find the rudiments of it with Abu Yousuf—and considerably more analytical content in the writings of other Islamic scholars who came after him, such as Al-Ghazali and Ibn Taimyah (see Ghazanfar 1990, 1992). It might be further noted that Islamic scholars such as Abu Yousuf invariably advocated the free play of market forces, though they were not committed to the unbridled “invisible hand” notion—an “eighteenth-century discovery of the rational resource-allocating capacities of the self-regulating market system” and “a postulate which would have been unintelligible as late as medieval times” (Lowry 1987, 240, 249). The state as the custodian of public interest plays an active role in the economy in promoting public good.4

**Financing of rural development projects**

In the very first few pages of *Kitab al-Kharaj*, Abu Yousuf makes it abundantly clear that the ruler of an Islamic state has the supreme responsibility to pursue every possible avenue to promote the common good for its citizens—and a distinct component of that is the promotion of the economic welfare of the populace (Abu Yousuf 1927, 3–6). At numerous places in his book, Abu Yousuf advises the ruler to work toward the material well-being of the masses. Thus he advises the caliph to undertake various projects of the socio-economic infrastructure type, specifically rural development projects for the largely agricultural economy of the time. He advised Caliph Haroon al-Rashid that he should:

1. build new canals and clean and repair the old ones to make them operational;
2. build dams to prevent floods;
3. recover lands that are flooded; and
4. undertake all possible measures to enhance the well-being of farmers (1927, 112–34).

While a detailed discussion is neither appropriate nor necessary, we should highlight some of the considerations that Abu Yousuf pointed out in this context. How to finance such socio-economic infrastructure projects? Should such projects be funded from the general treasury (*bait-al-maal*) (which receives land taxes as well as revenue from other sources)? To what extent should the direct beneficiaries of such projects contribute to these projects? Abu Yousuf discusses this subject and offers several guiding principles (1927, 121–32):

the tax collectors should be advised that when some of their staff report that some old canals in their regions are not operational,
several farm are inundated and have turned into mud and that if they would have these canals repaired and cleaned and the canals then become functional and the damaged farm lands are cultivable again and then also begin to add to the state treasury, then their (workers) request be forwarded to the ruler. Then the ruler appoints a person who is knowledgeable...should examine the situation. He must consult with the affected farmers and others as well as with external, experienced experts. It is also important that such individuals and their efforts must not be influenced by any concern for individual gain or loss. If all these individuals determine that the project would be beneficial and will add revenue to the state treasury, then the ruler must order the repair and restoration of the canals. And the entire expense must be borne by the state. No part of the expense should be imposed on the people of the region...

In connection with the restoration and building of canals, all such preferences of taxpayers should be fulfilled which contribute to their well-being, provided that there are no damages to neighboring villages and communities. If the fulfillment of some farming communities’ preferences leads to reduction in agricultural output in other communities, and there is fear of reduced revenues for the state, then such projects should not be undertaken.

If the residents of Sawad feel the need for recovery and cleaning of their large canals, which are linked with Rivers Tigris and Euphrates, then the ruler should have them repaired and restored. The expenditures should be shared between the state treasury and the appropriate taxpayers-farmers.

As for smaller canals from which people obtain water for their farms, fruit orchards and vineyards, vegetable gardens, etc., the expense of cleaning and restoring them should be borne by the residents themselves. There should be no burden on the state treasury.

The expenditures for the construction, repair, and maintenance of wharves, dams, bridges and canals around Tigris and Euphrates and other large rivers must be fully borne by the state treasury. No part of the expense be borne by the taxpayers, since these matters concern the entire community and the preservation of their well-being is a matter of concern for all...All such expenditures should be borne by the state.

Once responsible persons have been appointed to pursue these tasks, then others should be appointed to inspect their workmanship...What are some places that require repairs but have been omitted? What are some places which have been repaired but there is water leakage? And, therefore, why, even though expense for repairs has been paid by the state treasury but wasted, and repairs done have proved worthless? Based on such a report,
the officials concerned must be appropriately treated—either com-
mended for good performance or reprimanded for unsatisfactory
work, followed by proper disciplinary action.

At another point, while discussing the benefits of irrigation from the Tigris,
the Euphrates, and other rivers, Abu Yousuf says (1927, 116):

All citizens partake equally with Tigris, Euphrates, and other riv-
ers. They can take water from here for farming and for their cattle
and other animals. None has the right to prevent them. Every
community has the right to irrigate their farms, date-trees, and
other trees.

If someone wishes to dig a large canal for his own farm and doing
so will likely cause harm to the river, then he has no right to do so.

If these large rivers, which are held in common for all, require
repairs and restoration, then the responsibility for these tasks be-
longs with the ruler.

If there is fear of breaking of dams, then their repair and resto-
ration are the obligation of the ruler.

In the light of the above, Abu Yousuf’s position concerning the allocation of
public expenditures for public projects may be summarized as follows:

1 It is the responsibility of the state to maintain rivers such as the Tigris
and Euphrates and others so that they are capable of providing irriga-
tion generally; to construct wharves, as well as to ensure the availability
of other sources of irrigation water and their proper maintenance. All
expenses should be undertaken by the state treasury.

2 For the irrigation of taxable farmlands, especially those areas which are
barren because water via canals could not reach them, if newer canals
are constructed and old canals require repairs, the state is responsible for
them, and all expenditure is to be undertaken by the state treasury.

3 If the large irrigation canals, dug out from rivers such as the Tigris and
the Euphrates, need repairs and cleaning, these tasks are also the state’s
responsibility. However, the expense should be apportioned between the
state treasury and the direct beneficiaries of those canals.

4 If small canals and tributaries are to be constructed leading from the
large canals for the purpose of irrigating farms and orchards, then the
expense is the responsibility of the direct beneficiaries.

Thus Abu Yousuf suggests several principles concerning the circumstances
warranting whether public expenditure for public projects, such as irrigation
canals, should or should not be shared—and how. Where the benefits are
common, joint, and widespread, the responsibility is also common, shared,
and diffused. The state treasury belongs to the community at large and thus
when benefits are substantially collective and widespread, the expenditures are to be borne by the state. The first category mentioned above belongs in this class. The fourth category, however, accrues benefits to specific groups and therefore any repair expenses must be borne by those groups.

There is another principle that is evident with Abu Yousuf concerning the assignment of responsibility for public project expenditures. That is, that benefits accruing to individuals be sufficient and specific to warrant sharing the expenditure. This is the reason for the distinction in burden-sharing between the aforementioned third and fourth category of canals. A key objective of the state is to ensure and promote the prosperity and welfare of the taxpayers/farmers, and it is for this reason that the responsibility for the second group is fully placed upon the state treasury. As a result of the restoration of such canals (category 2), many areas will become cultivable, which otherwise would stay barren. As these areas are brought under cultivation and produce increases, then under the “sharecropping” taxation system, an increase in revenues is to be expected. Prior to such restoration and repairs, these areas were neither productive nor generating any income for the owners, therefore the burden of the expenses was not to be imposed on them. On the other hand, the third category posits irrigated land and people benefiting and profiting from this, and therefore, given their earnings from these canals, they should share in the repair expenditures. Further, the state is not expected to bear the full expense for repairing these canals because there will not be any new or appreciable increase in tax revenues. It is only essential to repair these canals to maintain their current flow of tax revenue, and, in proportion to this, the state should bear part of the expenditure.

The proper division of the sharing of responsibility for expenditures on developing socio-economic infrastructure is indeed a reflection of Abu Yousuf’s astute analytical insights and sense of equity in burden distribution in terms of benefits received quid pro quo. In addition to recognizing the benefits to farmers, he is also aware of the extent of benefits to various groups from different types of canal, as well as the ability of various individuals to bear the burden of the expenditure. His attempt to balance the benefits received and the ability to bear the costs with respect to canals in categories 2 and 3 is a distinct tribute to his economic insights. If he had assigned the responsibility for canals in categories 1 and 2 to taxpayers, then agricultural development would have been hampered; and if canals in the third category were to be the full responsibility of the state, then in addition to being unduly burdened, the farmers would have little incentive to properly maintain these canals. Similarly, Abu Yousuf has suggested the division of responsibility for canals in categories 1 and 4 in a such a way so that benefits from the former are common and social, but benefits from the latter are restricted mainly to specific individuals and groups. He has kept this aspect in mind in assigning the shares of expenditure. Obviously, if he were not aware of these possibilities, he would not have proposed such a balanced and equitable formula.
An especially noteworthy aspect of this discussion is that when dealing with state responsibility for rural development, Abu Yousuf refers to the revenues from agricultural taxation for that purpose. When he discusses the responsibilities of the state to the general public, he also mentions again and again the taxes received from them. The reason is that for him, the state has the right to collect taxes from its citizens. And it is a right which is linked with its obligations toward its citizens—i.e., there is a close correspondence between the state’s right to tax and the citizens’ right to expect services from the state. It is appropriate to tax what is produced by agricultural land, so that this land may be protected from floods or drought and so that canals may be constructed for its irrigation.

Concluding remarks

In summation, we believe we can objectively state that Abu Yousuf offers extraordinarily perceptive and rigorous thinking on issues related to public finance and taxation. He does not examine state revenue and expenditures from a narrow or restricted perspective; rather, he considers the state to be a major avenue for the promotion of social welfare and for promoting overall economic development and prosperity. When considering a particular source of revenue, he scrutinizes it from several important perspectives. Who should pay? How do taxes relate to taxpayers’ ability to pay? How convenient are taxes for taxpayers? What are their effects on economic incentives? How much should be collected? What should be the means of collection? And what should be the qualifications of tax collectors or administrators? He discusses these aspects in considerable detail. Similarly, he discusses in some detail the projects for which public revenues may be spent. Who should be the individuals responsible for such expenditure? How should the supervision and administration of these expenditures be undertaken so that the proper objectives are efficiently pursued? While he talks of army wages and the fortification of borders, he also talks of projects to promote the rural economy. Because of our limited objective and scope here, we are unable to explore Abu Yousuf’s discussion of other revenue sources (for example, zakat, ushr, etc.) and expenditures. However, if we examine these in greater detail, we will find further corroboration of the aforementioned view: that Abu Yousuf considers the state as a vehicle for promoting social welfare. His model is that of a welfare state, representing a comprehensive vision that includes the maximum provision of opportunities to citizens for their social and economic well-being, and for securing life, dignity, and freedom, as well as protection from oppression. Similarly, the state should support society’s moral teachings and spiritual enhancement, the ultimate objective being human salvation.

In relation to public finance issues, we are also impressed by Abu Yousuf’s analytical insights concerning the types of taxation as well as the price determination of grain in the market. When discussing the taxation system,
Abu Yousuf recognized that a land tax that is based on land area will be detrimental to agricultural production, whereas a sharecropping levy will generate incentives to expand production. Similarly, he elaborated that variation in the price of grain decreases or increases the burden of the fixed-amount levy, whereas the proportional tax does not generate such adverse effects. Further, Abu Yousuf defines the methods of sharing expenditure on developmental projects, after analysing the manner in which benefits from those projects accrue to various groups, as well as how additional productive capacity is generated from those projects.

In this brief paper, it has not been possible to compare and contrast Abu Yousuf’s views with other scholars who preceded or succeeded him, either in the Islamic world or elsewhere. However, keeping in view the literature on economic thought available at the time, we can assert with confidence that one does not find the same sense of larger social purpose, intellectual maturity, comprehensive breadth of vision, and depth of scholarship on economic matters (especially public finance issues), neither in the East nor the West, for several centuries after Abu Yousuf. Clearly, however, his treatment of taxes is similar to that of Adam Smith’s four canons of taxation, which required taxes to be equitable, certain, convenient, and simple. And Abu Yousuf’s discussion of allocation of public expenditures on public projects is quite similar to many discourses one finds in the contemporary literature.

Clearly, Abu Yousuf deserves to be acknowledged as among the distinguished early pioneers of modern public finance as a field in the science of economics.

Notes

1 This paper first appeared in History of Economic Ideas (Italy), vol. 9, no. 1, 2001; pp. 13–38.

2 Numerous Western scholars would corroborate this statement. To wit,

In the 12th and 13th centuries, the first period of European impingement, Arabic philosophical writings exerted a significant stimulative influence on the great synthesis of Christian Aristotelianism by St. Albert the Great and St. Thomas Aquinas... This influence has not only been extensive and profound, but relatively continuous and astonishingly diversified.

(Rescher, 156–7)

And yet,

For our cultural indebtedness to Islam, we Europeans have a “blind spot”. We sometimes belittle the extent and importance of Islamic influence in our heritage, and sometimes overlook it altogether. For the sake of good relations with Arabs and Muslims we must acknowledge our indebtedness to the full. To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)
Schumpeter might well have reflected an institutionalized, cultural phenomenon concerning Arab-Islamic scholarship, aptly described by Norman Daniel as a “cultural filter in acquiring knowledge from an alien source considered to be tainted” (Daniel 1975, 87). In the same vein, with regard to Western attitudes toward Arab-Islamic thought generally, Montgomery Watt says “the difficulty is that we are the heirs of a deep-seated religious prejudice which goes back to the ‘war propaganda’ of medieval times”; Watt also stresses the influence of Western scholars’ own cultural and intellectual heritage by adding “yet we should not allow ourselves to forget that we are not wholly freed from the entail of the past” (Watt 1979, iv).

According to Lowry,

It is true that the Greeks failed to notice the invisible hand of the market and instead, approach efficiency, distribution, economic organization, and individual and public utility from ethical, jurisprudential and ultimately, administrative perspectives. This approach to economic questions was in fact the dominant one throughout most of recorded human history, with market-oriented economic analysis a very recent development.

Further, “the ascendance of the view of the market” operating like any physical system without human interference has tended to obscure the earlier administrative tradition of the political economy followed from ancient Greek times through the Middle Ages to Adam Smith, in which man himself was the manipulator and regulator, the administrator of his economic affairs.

(Lowry 1987, 250, 249)
PUBLIC-SECTOR ECONOMICS IN MEDIEVAL ECONOMIC THOUGHT

Contributions of selected Arab-Islamic scholars

S.M. Ghazanfar

Introduction

Our purpose in this paper is to explore and present the economic thought of selected early medieval Arab-Islamic Scholastics, with a special focus on their public-sector economics. Our sources for this task are chiefly their Arabic-language writings, though not exclusively. While one can identify at least thirty to thirty-five such scholars who wrote on various economic issues, for the sake of brevity we will concentrate on three names: Abu Yousuf (731–98), Abu Hamid Al-Ghazali (1058–1111) and Ibn Taimiyah (1263–1328). To be sure, however, while their economic thought tended to be highly normative and was not couched in terms of contemporary analytical rigour, yet one finds considerable positive content in these writings.

It may be noted, however, that given the environment in which knowledge in general evolved in the West, one does not observe much mention of Arab-Islamic scholars in literary history, including economics. Such neglect has been somewhat rectified in recent years. Joseph Spengler (1964) wrote an excellent paper on Ibn Khaldun (1332–1404) about thirty-five years ago, and referring to Arab-Islamic literature of the era, he observed that “the knowledge of economic behavior in some [Islamic] circles was very great indeed, and one must turn to the writings of those with access to this knowledge and experience if one would know the actual state of Muslim economic knowledge” (Spengler 1964, 304). Thus part of the motivation for the present paper comes from Spengler’s suggestion.

Another motivation, and rather more fundamental, has to do with the “gap” in the evolution of economic thought alleged by Joseph Schumpeter in his *magnum opus*, *History of Economic Analysis* (1954, 74). Schumpeter classified several pre-Latin-European Scholastic centuries as “blank”, suggesting that nothing of relevance to economics, or for that matter to any other intellectual endeavour, was said or written anywhere else. Notwithstanding this claim of “discontinuity”, a substantial body of contemporary social thought, including economics, is traceable to medieval
medieval public-sector economics

Arab-Islamic “giants” (to use George Sarton’s term; see Ghazanfar 1991; Ghazanfar and Islahi 1990; Essid 1992; Hosseini 1996; and others). Their scholarship, developed over centuries with Greek heritage as part of the background, covered almost every branch of knowledge identifiable then, and it transferred en masse to Latin-Europe (see Dawson 1952; Haskins 1927; Nebelsick 1992; Sarton 1927–48; Southern 1962; and others).

Keeping in view the preceding remarks, we shall briefly examine the economic thought, with emphasis on public-sector economics, emanating from the original writings of the aforementioned three early medieval scholars, Abu Yousuf, Al-Ghazali and Ibn Taimiyah.

The public-sector economics of Abu Yousuf, Al-Ghazali and Ibn Taimiyah: a brief survey

Before undertaking the main task, it is appropriate to provide some perspective as to the general nature of the intellectual environment in which these scholars wrote. Consistent with the tenor of the time, economics did not dominate their writings, though some Islamic scholars did write specifically on economic issues. All discourses during this era reflected a unified, holistic approach to knowledge, pursued with a teleological orientation, with salvation as the supreme objective of human endeavours. One encounters in their writings theological-philosophical ratiocination, where man, not matter, was the measure of all things and economic concerns were relatively secondary. Such were the ultimate assumptions of Islamic Scholastics generally, as, indeed, was the case for their Latin-European counterparts. However, within this broader theological-ethical framework, the Arab-Islamic Scholastics assumed certain key “market-oriented” characteristics as to the functioning of economic/business activities:

1 Voluntary exchange in economic transactions is assumed as the primary modus operandi; markets evolve as part of the “natural order” of things in an interdependent, competitive environment, with expression of self-motivated desires to satisfy mutual economic needs (see Ghazanfar and Islahi 1990).

2 Demand and supply forces are fundamental determinants of prices; several of these writers talk in terms of “prevailing price, as determined by market practices”. Correspondingly, one observes the notion of a “prevailing, or just, or equilibrium wage”. There are even insights into the concepts of what is now known as price-elasticity of demand and supply.

3 Buyers and sellers are viewed as “maximizers” and acquisitive. While maximization of “utility” and profits is the norm, such pursuits must be guided by concern for “gain” of the “ultimate” market, i.e. the Hereafter. Thus greed in human affairs is shunned and profits are not to be “excessive”.

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While economic pursuits are part of one’s divinely duty (“calling”), the production of necessities is specifically viewed as socially obligatory. And there is a hierarchy of production activities: basic (food, etc.), ancillary (raw materials, minerals) and complementary (milling, baking, processing, etc.). Further, there are stages of production (“farmer, miller, baker”, as per Ghazali), and there is specialization (Ghazali talks of this in terms of needle-makers in a factory, in the same way as Adam Smith talked of the pin seven centuries later; see Ghazanfar and Islahi 1990).

A society’s welfare function is defined in terms of a tripartite hierarchy of mutually reinforcing individual and social utilities: necessities, conveniences or comforts, and refinements or luxuries—a classification reminiscent of the Aristotelian tradition.

Money as a medium of exchange evolves as a social necessity, for without it barter results in problems such as lack of a common denominator, the double-coincidence of wants and lack of indivisibility. And hoarding of money for its own sake is against divine rules, as would be counterfeiting and debasement. Further, as with the Judeo-Christian tradition, usury is “sinful”, for money itself is useless and sterile.

It is worth stating that while Arab-Islamic scholarship is couched in terms of the free play of market forces, none of these scholars would advocate the unbridled operation of the “invisible hand”. One eminent economic historian refers to the latter as an “eighteenth century discovery of the rational resource-allocating capacities of the self-regulating market system” and “a postulate which would have been unintelligible as late as medieval times” (Lowry 1987, 240, 249). Even Adam Smith suggests a “providential” moral-ethical framework within which the “invisible hand” must function.

Abu Yousuf (731–98)

Yaqub bin Ibrahim Abu Yousuf was born in Koofa (Iraq), and during his adult life the Abbasid dynasty (750–1258) of the Islamic world represented the most powerful state at the time, with links to Europe, Africa and India. “The height of Abbasid power was a period of unexampled prosperity, magnificent building and cultural efflorescence” (Barraclough 1979, 105). Baghdad was not only the centre of global commerce, but also the largest international centre for the exploration of knowledge in all spheres, and numerous scholars of all faiths from all over the world used to gather here in pursuit of such explorations (see Severy 1991).

Caliph Haroon Al-Rasheed (763–806, reigned 786–806) of the Abbasid caliphate was particularly keen to promote the common good, consistent with the rules of justice emanating from Islamic jurisprudence. Toward this goal, his chief justice or qadi, Abu Yousuf, compiled a collection of essays, later known as Kitab al-Kharaj (or The Book of Taxation), though the discussion extends also to non-fiscal matters of the state). This book has
since been published in several languages, including English, and one of his translators says “Such an oration, worthy of a Biblical Prophet, could have been made only by a great and courageous spirit like Abu Yousef” (Ben Shemesh 1965–9, vol. II, 4).

The Arabic word kharaj refers to taxation and “is levied on land irrespective of whether the owner is minor or adult, free or slave, Muslim or non-Muslim” (Siddiqi 1968, 70). Thus kharaj is usually identified with land taxation, and “of the various sources of revenue which accrued to the Bait al-Ma’al (state treasury), the ‘kharaj’ was much the most important” (Levy 1962, 311). Some of the works on taxation by Islamic scholars, including Abu Yousef’s, extend even further and discuss other fiscal issues as well as administrative affairs—such as public borrowing, costs and benefits of public projects, allocation of expenditures on public projects, etc.

For present purposes, we limit ourselves to three distinct public-finance topics discussed by Abu Yousef:

1. type of taxation—fixed-rate vs. proportional
2. tax collection and administration
3. public financing of rural development projects

**Tax rates: fixed vs. proportional**

The prevailing practice in various regions of the state was a “fixed-amount” tax (cash or in kind), imposed according to the land area, and which may be called the “fixed-by-land” approach to taxation, i.e. the calculation of a certain amount of cash or grain per unit of agricultural land, whether or not the land was cultivated. During the early years of the Abbasid caliphate (750–1258), there was considerable variation in agricultural prices. With tax being levied as a “fixed amount”, there was not only variation in state revenues, but also in the tax burden on farmers. Another practice was the “fixed amount of produce” approach, with similar problems. Many felt that a fundamental change in the method of taxation was necessary. The approach is, of course, the early version of “fixed-rent” tenant-farming often observed in present-day developing countries.

This was the period when Abu Yousef wrote his Kitab al-Kharaj, at the suggestion of Caliph Haroon Al-Rasheed (reigned 786–806). He discussed land taxation and related issues in this volume and undertook a rather sophisticated discussion of the “fixed-by-land” or “fixed-by-produce” approach that was practised. He recommended the “proportional share of produce” method. He says (Abu Yousef 1927, 57):

I am of the opinion that the imposition of a fixed amount of food grains or of money is harmful for the Sultan as well as the Treasury. This approach will also hurt the taxpayers/farmers as well.
As far as the payment according to a fixed amount of grain is concerned, the Sultan will consider the quantity inadequate if grain price is low. The taxpayer-farmer is relieved but the Sultan is really not content.

If grain is rather high-priced, then taxpayers will feel the burden of the fixed-quantity of grain as high, but the Sultan will not tolerate any reduction.

Then, after commenting on the causes of rising and falling grain prices, he writes (1927, 58–9):

In my judgement, the best approach is to impose a fair and low fixed-rate for sharing the land-produce (or crops). This will protect the taxpayer-farmers from any mutual excesses and from exploitation by others, as well as leave a share with them. Further, this will enhance state revenues. Also, the taxpayers will be protected from the exploitation of their sponsors and public officials.

Taxes must not be determined by rough estimation or guessing of crop size. The crop should be sold in the market and the requisite shares be levied on the money amount. Alternatively, the crop should be valued at some fair market price and then the tax rate be applied so that the taxpayer is not harmed, nor is there a loss to the Treasury. Between these two methods, the one that is most convenient to the taxpayers must be followed.

As this quotation reveals, Abu Yousuf believes that a fixed-rate tax on land is burdensome to farmers and also contrary to the principles of justice. Further, the effects of this method are at times counter to public welfare and state interests. With a fixed rate per acre, when prices are low, the state treasury will lose in revenue. Given the needs of the state, reduced revenues will be detrimental to achieving state objectives.

Abu Yousuf also mentions that when grain is high-priced, the cultivators will find it burdensome to pay a fixed amount of produce from a given area of land. Clearly, he is referring to the incentive effects of taxes. Further, with the “fixed-amount” method, the burden on farmers’ incomes will be high, for the levy is only on those lands which are actually under cultivation. On the other hand, the “fixed-rate” approach proposed by Abu Yousuf preserves incentives to expand production, for the tax is in some proportion to the output produced, not a fixed amount regardless of how much is produced. This will also lead to increased revenues for the state. In terms of modern terminology, the difference between “fixed-amount” and “fixed-share” is about the same as between a tax on land acreage, regardless of whether cultivated or not or how much output is produced, versus a tax on agricultural income or output. The latter is a proportional tax under which after-tax
income can increase with the size of production. Abu Yousuf is clearly aware of the difference.

The above quotation also reveals that for Abu Yousuf, it is essential that the tax rates be low so the farmers can conveniently afford the levy. In general, he insists, tax rates ought to be just and low, for as such they contribute to the overall social welfare (1927, 133).

**Tax collection and administration**

Abu Yousuf also argues that the proportional tax will, in addition to being less burdensome, also avoid possible exploitation by tax collectors. Under the “fixed-amount” approach, the collectors would often measure the land excessively, so as to generate more revenue. However, the size of the land becomes irrelevant under the proportional method, thus any injustice to farmers is avoided. Further, he insists that crop size and output should not be merely guessed; they should be exactly measured, or the proper market value be ascertained through a neutral party—and then the tax be determined and collected (1927, 120).

Abu Yousuf also discussed in detail the administrative aspects of tax collection (1927, 125–6) and he suggests several guidelines:

1. Tax rates should be low and fair, or else farmers will be discouraged from production, and that will also reduce revenue for the state.
2. Tax rates should be determined by the central government, for extending such authority to local administrators and tax collectors can lead to abuse. Further, the tax collectors are not to receive any gifts from the taxpayers (1927, 97–8, 128–30).
3. Tax collection through middlemen must be avoided. This, he says, will lead to extreme brutality and excesses, causing a decline in agricultural activities and reduced crops, and, as a result, a decline in state revenues and the deterioration of social welfare.
4. Tax collection should be carried out with the utmost convenience and civility to taxpayers. Soon after the crop is harvested, the state levy should be collected, so that grain does not spoil while in storage, and so that farmers do not suffer and their agricultural activities are not discouraged for the future. Measuring and weighing must be done with complete fairness, so that farmers’ rights are not violated in any way (1927, 129–31, 133, 137, 147, 149).
5. Honesty and trustworthiness among tax collectors requires that they be adequately compensated (1927, 127–8, 135). Further, their professional conduct must be strictly observed and mismanagement must be punished (132–3). He is emphatic about these requirements, and also insists that tax collectors be knowledgeable about the tax laws.
Clearly, these principles are reminiscent of Adam Smith’s well-known “canons of taxation”. Further, Abu Yousuf insists that they must be followed to ensure individual rights and social welfare, consistent with Islamic scripture. And these are the ways of promoting society’s material and spiritual well-being; thus (1927, 132):

When justice is established, when fair treatment is given to victims of excesses, and when oppression and tyranny are avoided, then in addition to ensuring human salvation, enhancement of a nation’s prosperity also become possible—and revenues also increase. Barkaat [beneficence] is associated with the practice of justice and not with oppression and tyranny. Any taxes that are collected through oppression will lead to the destruction of the state.

Financing rural development projects

In the very first few pages of Kitab al-Kharaj, Abu Yousuf makes it abundantly clear that the state has the responsibility of promoting the common good, including the economic well-being of citizens (1927, 3–6). He advises the caliph to undertake various public projects of the social-economic infrastructure type, specifically rural development projects such as:

1. building new canals;
2. maintaining and repairing canals;
3. building dams to prevent floods;
4. recovering lands that have been flooded; and
5. undertaking all possible measures to enhance the well-being of farmers (1927, 112–34).

For the sake of brevity, we choose not to cite any quotations from Abu Yousuf’s book. However, concerning the financing of public projects, it is possible to identify some basic principles that clearly reveal the essentials of cost-benefit orientation (1927, 116, 121–32). Thus, where the benefits are common, joint and widespread, the responsibility is also common, shared and diffused. The state treasury belongs to the community at large, and when benefits are substantially collective and widespread, the expenditures are to be borne by the state (“If the large rivers, which are held in common, require repairs and restoration, then the responsibility for these tasks belongs with the state”). However, where benefits accrue to specific groups, the expenditures must be borne by those groups (“As for smaller canals from which people obtain water for their farms...their maintenance expense should be borne by the users”), and where the benefits are general and specific, the costs may also be accordingly borne by the community or shared among beneficiaries (“For the recovery and cleaning of large canals...the expenditure should be shared
between the state and the appropriate taxpayer/farmers...it will be improper to put the entire burden on the state”).

The proper sharing of responsibility for expenditure on developing socio-economic infrastructure is indeed a reflection of Abu Yousuf’s analytical insights and sense of equity in burden distribution in terms of benefits-received quid pro quo. His attempt to balance the benefits received from public projects with a sharing of the burden of cost is a distinct tribute to his appreciation of the behaviour and propensities of various economic agents, consistent with their self-interest, but in light of the common good.

Abu Hamid Al-Ghazali (1058–1111)

Born in Persia, Abu Hamid Al-Ghazali is “acclaimed as the greatest ...certainly one of the greatest” (Watt 1963, vii), and, “by general consent, the most important thinker of medieval Islam” (Bagley 1964, xv). His scholarship extends to many diverse fields of knowledge. Much of his economics is covered in his four-volume *Ihya Ulum al-Din* (The Revival of the Religious Sciences). State and religion are “inseparable pillars of an orderly society” (*Ihya*, 1:17). He also compiled a separate volume on state affairs, *Kitab Nasihat al Muluk* (translated by Bagley (1964) as the *Book of Counsel for Kings*, hereinafter referred to as *Counsel*). Here he recommends to the ruler ten “principles of justice and equitable treatment of subjects” (*Counsel*, 13–31); each is discussed from the Islamic perspective, but also supported by illustrations from the Torah, the Bible, and from even the Greeks, Romans and Chinese. He observed much to criticize in them. He condemns bribery and corruption in the public sector, especially in “the administration of justice” (*Counsel*, 93).

But why the public sector? The reason is that man’s ability to fulfill all his needs alone persuades him to live in a civilized society with cooperation; but tendencies like jealousy, competition, and selfishness can create conflicts. Therefore, some collective arrangement becomes necessary to check those tendencies.

(*Counsel*, 59)

Below are discussed some of Ghazali’s opinions on specific roles and functions of the public sector.

**Economic progress through justice, peace and stability**

Ghazali emphasizes that in order to promote economic prosperity, the state must establish justice, peace and security, and stability. Stressing the need for “just and equitable rule”, he says:
Where injustice and oppression prevail, people have no foothold; the cities and localities go to ruin, the inhabitants flee and move to other territories, the cultivated lands are abandoned, the kingdom falls into decay, the public revenues diminish, the treasury becomes empty, and happiness and prosperity fade among the people. The subjects do not love the unjust ruler, but always pray that evil may befall him.

(*Counsel*, 56)

Further, the state must pursue all necessary measures to establish conditions of internal and external security: “There should be a judiciary for settlement of disputes; laws and rules are needed to check people’s conduct and for social stability” (*Ihya*, 3:225, 228). Thus, Ghazali holds the state responsible for establishing the proper conditions to promote economic prosperity and development. This sounds much like the “law-and-order within and without” functions of the public sector that Adam Smith propounded in the eighteenth century.

Ghazali also wrote on the institution of hisbah, a public agency employed in many Islamic countries at the time, whose main function was to check harmful practices of the markets (*Ihya*, 2:312–15). Ibn Taimiyah offered extended discussion on this topic, as we shall see.

**Public finances: sources and uses**

Ghazali provides a detailed discussion of the role and function of public finances. His discussion, unlike most other scholars historically, is fairly symmetrical; he focuses on both sides of the budget, revenues as well as expenditures. He even discusses state borrowing.

**REVENUE SOURCES**

On the basis of rules of Islamic jurisprudence, Ghazali begins by noting that revenue should be collected from all citizens. There are differences in types of revenues to be solicited from various groups, and he identifies several revenue sources, but he is critical of the unlawful sources in use. He says that “almost all revenues collected by princes are unlawful” and that taxpayers should “refuse payments and avoid contact with them [princes]” (*Counsel*, xliii). Further,

the public finances in our time are based on unlawful sources. Why? The valid sources such as zakah, sadaqaah, fai, and ghanimah, are nonexistent. Jaziyah is practiced but collected with many illegal methods. Besides, there are confiscations, briberies, and injustices.

(*Ihya*, 2:239)
The taxes to be collected from non-Muslim citizens are ghanimah, fai, jaziyah and tributes. Whereas ghanimah, or “spoils of war”, is a tax on property confiscated after or during a war, fai refers to possessions acquired outside of warfare. Jaziyah (or poll tax) is collected from non-Muslims in return for two benefits: exemption from defence duties and protection of rights as citizens. Beyond the religiously prescribed revenue sources, and depending upon society’s needs, the state may impose “extra-religious” taxes on all citizens. This may also be done if the society is threatened by incongruous elements from within or without.

While discussing taxation, Ghazali also provides insights on other related matters, such as tax administration and apportioning burden among taxpayers. “What he [the ruler] takes in taxes must be in moderation, and what he gives must be in moderation, for each has its limits and its measure” (Counsel, 80–1).

Ghazali also seems aware of both the benefits-received and the ability-to-pay principles of taxation, as the terms are used in current literature. However, as a general principle of equity, he advocates the ability-to-pay concept; indeed, he implies a highly progressive tax system, for the ruler “must take little or nothing from the poor” (Counsel, 112). He even suggests that taxpayers should know the uses to which their resources are put: “Subjects must know the usages [of taxes paid] and burdens must be fixed in accordance with their capacity and ability [to pay]” (Counsel, 112).

PUBLIC EXPENDITURES

As for the uses of revenues, Ghazali suggests considerable welfare-based flexibility. He proposes that if greater social good can be served by public spending, the ruler may levy new taxes. He explains that “what people will pay in taxes will mean less of a loss than the possible risk to their lives and property if the state cannot ensure its proper functioning” (Al-Ghazali 1892, 303–4). Here is an obvious reference to what is now referred to as cost-benefit analysis: taxes are linked with benefits that accrue to the society when expended, and may be levied to avoid greater loss to society later.

As with revenue sources, Ghazali is also critical of the manner and areas of public expenditure. The functional delineation of public expenditures that he recommends includes such items as the establishment of socio-economic justice, the security and stability of the state, and the development of a prosperous society, almost in the order mentioned (Counsel, 56, 76, 81). In addition to what has already been noted about ensuring such conditions, it might be said that though Ghazali prefers voluntary sharing as a means of promoting socio-economic justice, he would allow state intervention as an option, if necessary, to eliminate poverty and widespread distress. Ghazali links mass impoverishment, aggravated by deficient public services, to
migration, leading to a general economic decline, reduced tax base and then further deterioration, and the potential emergence of profiteers who exploit the poor (Counsel, 101–2).

As for the general development of a society, Ghazali points out the need for building socio-economic infrastructure. He says that public resources “should be spent on the construction of bridges, religious structures [mosques], shelters, roads, and other similar activities whose benefits are shared by people generally” (Ihya, 2:130). He seems aware of the “joint consumption” and “spillover” aspects of public goods. Elsewhere he suggests that public spending may be incurred for functions such as education, general law and order (public administration), defence, and health care (Ihya, 2:140).

PUBLIC BORROWING

Ghazali seems to be the only scholar of his time who also discusses public borrowing as another source of revenue. He states:

One cannot deny permission to the ruler to borrow from the people when the needs of the state so warrant. However, the question is: if the ruler does not anticipate revenues in the public treasury which would exceed what is needed for the armies and other public purposes, then on what basis can the funds be borrowed?

(Al-Ghazali 1971, 241)

Thus it appears that given the conditions of the economy, Ghazali would permit public borrowing if it were possible to ensure repayment from future revenues. In present-day usage such borrowing is exemplified by “revenue bonds”, extensively used by state and local governments in the United States.

Ghazali insists on honesty and efficiency in the affairs of the public sector. He views the public treasury as a trust in the hands of the ruler, who must not be extravagant. As for a secure and stable social environment, he declares:

Whenever sultans [rulers] rule oppressively, insecurity appears; and however much prosperity there may be, this will not suit the subjects if accompanied by insecurity. However little prosperity there may be, this will not displease them if accompanied by security; on the contrary, it will suit them...now the security of the society depends upon the discipline maintained by the Sultan.

(Counsel, 76)

Ibn Taimiyah (1263–1328)

Born in Syria, Taqi al-Din Ahmad bin Abd al-Halim, also known as Ibn Taimiyah, is identified as a “reactionary” in Islamic intellectual history. “His
teaching was redolent of the old, discarded fundamentalism” (Peters 1968, 200–1). As a reformer, he attacked the social and political ills that surrounded him and he even criticized the rulers and other jurists and scholars (Al-Mubarak 1963, 847). Thus, his iconoclastic radical-reformist style “resulted in long periods of his career being spent in prison” (Peters 1968, 200–1). Both Syria and Egypt were part of the first Mamluk dynasty (1260–1382) at this time. According to Hitti, “Damascus and Cairo, especially after the fall of Baghdad (due to Mongol invasions) and disintegration of Muslim Spain (after the Crusades) remained the educational and intellectual centers of the Arab world” (Hitti 1951, 651). Ibn Taimiyah spent most of his adult life in Damascus, but also partly in Cairo. And

It was an age of extraordinary brilliance in almost every aspect. In spite of occasional records of scarcity and high prices, the wealth of the country, whether from its fertile soil or from the ever-increasing trade with Europe and the East, was immense.

(Lane-Poole 1925, 313)

Ibn Taimiyah discusses the economic role and functions of the state quite thoroughly. Promotion of socio-economic justice being the supreme goal, the state must secure a balance between private interests and public pursuits. Yet, he argues, the state must work toward such goals as the eradication of poverty, the amelioration of gross income and wealth inequalities, the regulation of markets to minimize the adverse effects of market failures, planning to provide the necessary socio-economic infrastructure, just and efficient enforcement of the laws (including taxation), and so forth. The essence of Ibn Taimiyah’s economics, as well as his view of the state’s responsibilities, is well expressed in a letter to the ruler of the time. He advised him to combat starvation, to satisfy the basic needs of the people, to help the oppressed, to listen to persons in distress, and to enjoin good and forbid evil, for he considered such actions as the pillars of justice and goodness. Further, he insists that it is the state’s responsibility that every person is assured a minimum standard of living sufficient for them to fulfill their obligations to their faith, family and to their fellow citizens (Majmu’, 24:280).

Public-sector regulation of markets

While Ibn Taimiyah’s vision of economic affairs is essentially market-oriented, he does not advocate unbridled functioning of the “invisible hand”. He discusses certain circumstances which might warrant price regulation and controls—specifically when there are market imperfections (monopolistic practices) and/or when there are national emergencies (for example, famine, war, etc.). When discussing price regulation, he cautions against excessive regulation so the profit-motive is not blunted.
In regard to market imperfections, Ibn Taimiyah recommends that if sellers abstain (through hoarding) from selling their goods except at a higher price than the customary or “normal” price and people need these goods, then they will be required to sell them at the “price of the equivalent” (Hisbah, 25). Incidentally, this concept is synonymous to what is also described as “just price” and which was earlier described as “prevailing price” by Ghazali and St Thomas Aquinas, and in more recent debates became synonymous with “equilibrium price” (see Ghazanfar and Islahi 1990; see also Dempsey 1965). Further, if there are elements of monopoly (especially in the markets for food and similar necessities), the state must intervene to ensure that monopoly power is restricted (Hisbah, 25–6). Ibn Taimiyah proposes a basic principle for the removal of market-generated injustices: “If abolition of the whole of injustice is not possible, one is obliged to eliminate it to the extent possible” (Hisbah, 26).

While Ibn Taimiyah would be against any price regulation or controls when price increases are the result of “natural” market forces, he advocates price controls under certain conditions. He distinguishes “two types of price-fixing, one unjust and invalid, the other just and valid” (Hisbah, 24). Thus price-fixing is unjust and invalid when it interferes with the free play of markets. However, in times of emergency, such as famine or war, price controls aimed at assuring the availability of necessities are just and valid. He says: “It is for the state to compel a person to sell his goods at a fair price when people are in need. For example, when he has surplus food and people are faced with starvation, he must sell at a just price” (Hisbah, 24). Ordinarily, however, sellers could not be compelled to sell, except when necessities are involved (Hisbah, 26).

The institution of hisbah: supervision of the markets

Ibn Taimiyah is well known for his treatise on the institution of hisbah. Given the role of the state in the economic life of the society, hisbah represented an institution through which numerous economic activities (among others) were supervised and regulated, in order to harmonize the interests of buyers and sellers. The purpose of hisbah, however, went beyond economics: it also included the moral and spiritual values of the society as well as the supervision of social and civil projects. In broad terms, and given the context of Islamic society, Ibn Taimiyah defined the aim of hisbah to enjoin what is “commonly viewed as good and forbid what is commonly viewed as evil” (‘amr bil ma’ruf wa-nahi ’amil munkar), especially in those spheres where the authority of the state ordinarily could not reach (Hisbah, 18). The public official in charge of hisbah was called the muhtasib, with supervision and guidance of the markets being one of his key functions. The contemporary term for muhtasib is “ombudsman”—a sort of a grand “auditor-general”.

Briefly, some economic functions under hisbah included the following (Ziadeh 1963, 34, 55):
ensuring the supply of necessities (foodstuffs, etc.);

2 supervision of industry (product standardization, arbitration, minimum wages, etc.);

3 supervision of services (professional services—medical practitioners, pharmacologists, teachers, etc.);

4 supervision of trading practices (weights and measures, product quality, enforcing laws against forbidden practices, etc.); and

5 civil and municipal functions (public safety, business locations—even enforcing certain anti-pollution rules).

Ibn Taimiyah summarizes the muhtasib’s comprehensive functions as follows:

The muhtasib shall order the Friday prayers, other congregational prayers, truthfulness, repayment of deposits, and he shall forbid socially harmful activities such as dishonesty, insufficient weight and measures, fraud in industries, trades and religious matters, etc. (Hisbah, 19–20)

The origins of hisbah: a digression

In describing Ibn Taimiyah’s public institution of hisbah, it is appropriate to briefly provide some historical context as to its origin. As an Islamic institution, the hisbah remained in existence through the greater part of the Islamic world (for example, Egypt, Morocco) until the beginning of the twentieth century (Ziadeh 1963, 44). However, similar state-sponsored administrative institutions, with varying nomenclature and primarily restricted to economic matters, also prevailed during the earlier Greek and Roman civilizations.

In the Greek tradition, the activities of the marketplace or agora were administered (“with a whip in hand” (Foster 1970, 129)) in the public interest, by the market inspector or agoranomos, to “ensure the proper functioning of the oikonomia”, with “emphasis on stability and self-sufficiency” (Lowry 1987, 238, 240). Subsequently,

especially under the influence of Rome, the agoranomia evolved from a post of market inspector to that of a prominent public benefactor…and the office of the Roman aedile was the source of this influence, and the Greek word agoranomos came to mean what the Latin word “aedile” meant. (Foster 1970, 130)

Incidentally, aedile is a word derived from the Arabic aadil—adal means justice, aadil is one who enforces justice. The range of functions of the Roman aedile, however, fell somewhere between the Greek agoranomos and the Islamic muhtasib.
Is there any connection between the terms *hisbah* and *muhtasib* and the earlier traditions? According to Foster, the word “agoranomos in the sense of ‘aedile’ had dropped out of use by the end of the third century” and was replaced by “prefect” (*eparch* in Greek) during the Byzantine age—though the term *agoranomos* also remained (Foster 1970, 134). Nevertheless, any connection “is dubious because the word ‘agoranomos’ does not appear in inscriptions after the fourth century” (1970, 135). After tracing the use of various terms in the early Islamic world, this historian concludes: “The connection of any functionary called ‘agoranomos’ and the Islamic ‘muhtasib’ seems impossible” (1970, 139). Further, “The *muhtasib* had a whole set of other duties that appear uniquely Islamic and which were derived from the claim of Muslim law to regulate every aspect of an individual’s public and private life” (1970, 141).

### Some concluding remarks

This paper has presented a brief survey of the public-sector economics of three prominent Arab-Islamic scholars who wrote during the medieval centuries, the period classified as “blank” by the late Joseph Schumpeter (1954). While there are several other similar scholars, three whose selected writings we have covered are Abu Yousuf (731–98), Abu Hamid Al-Ghazali (1058–1111) and Ibn Taimiyah (1263–1328). Indeed, their holistic discourses are rather comprehensive, not only covering economic issues but also extending to other areas of knowledge—a tendency also common among Latin-European scholars. Further, their scholarship developed in a philosophical-theological environment in which salvation, not the economic or other mundane domains, was the supreme goal of human affairs. Each of the three Scholastics presents the model of a welfare state, in a market-oriented environment, where the state is an active promoter of economic development and prosperity for its citizens. The state also plays a role in preserving and maintaining the moral-ethical framework of society, consistent with Islamic laws.

When considering public-finance issues, these sages offered detailed analysis from several perspectives. With respect to sources of revenue (mainly land taxation with Abu Yousuf), they discuss issues which are similar to those found in contemporary writings. Who should pay and how much? How do taxes relate to taxpayers’ ability to pay? To what extent may taxes correspond with benefits received? How convenient are the taxes for taxpayers? What are the effects on economic incentives? How much should be collected? What should be the means of collection? What should be the qualifications of tax collectors and administrators? How can corruption be eliminated? What level of government should be responsible for establishing rates and administering tax collection? Should the state undertake borrowing as a means of generating revenue in order to finance public projects? And so forth.
Similarly, these scholars discuss in some detail the uses of tax revenue (expenditures, functions) undertaken by the public sector. What types of function are to be pursued by the state and how are they to be prioritized? How are the expenditures to be linked with the benefits? Are the expenditures for the general benefit of the community and thus the taxes be shared by all? Or are the benefits identifiable with specific groups or communities and thus the taxes be apportioned accordingly? How should the supervision and administration of public expenditures be undertaken so that the proper objectives are efficiently pursued? Further, Abu Yousuf defines the methods of sharing the financing of development projects, after analysing the manner in which benefits from those projects accrue to various groups.

In sum, we can assert that, given the extent of knowledge on economic matters that had evolved at the time, one does not find anywhere the same sense of larger social purpose, intellectual maturity, comprehensive breadth of vision and depth of scholarship on economic issues as is found in the writings of these early medieval Arab-Islamic scholars. Their treatment of taxation is remarkably similar to that of Adam Smith’s four canons of taxation, requiring taxes to be equitable, certain, convenient and simple. And their discussion of allocation of public expenditures on public projects is quite similar to any discourses one finds in the contemporary literature, though presented with more rigour and elegance.

Clearly, medieval Arab-Islamic Scholastics such as Abu Yousuf, Ghazali and Ibn Taimiyah deserve to be acknowledged as among the distinguished early pioneers of modern public finance as a field in the science of economics.

Notes


2 The fact that the various medieval Arab-Islamic and Latin-Christian Scholastics, as well as their Greek and Roman predecessors, did not discuss economic issues in terms of the formal analysis evident in more recent scholarship, must not persuade one to diminish or dismiss their contributions. Doing so would be, according to Karl Polanyi, tantamount to compounding the “two meanings that have independent roots. We will call them the substantive and the formal meaning...The latter derives from logic, the former from fact.” In making the distinction, Polanyi states: “It is our proposition that only the substantive meaning of economics is capable of yielding concepts that are required by the social sciences for an investigation of all the empirical economics of the past and the present” (Polanyi 1968, 139–40).

3 Numerous Western scholars corroborate this statement. To wit,
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St. Thomas Aquinas... This influence has not only been extensive and profound, but relatively continuous and astonishingly diversified.

(Rescher 1966, 156–7)

And yet,

For our cultural indebtedness to Islam, we Europeans have a “blind spot”. We sometimes belittle the extent and importance of Islamic influence in our heritage, and sometimes overlook it altogether. For the sake of good relations with Arabs and Muslims we must acknowledge our indebtedness to the full. To try to cover it over and deny it is a mark of false pride.

(Watt 1972, 2)

4 According to Todd Lowry,

It is true that the Greeks failed to notice the invisible hand of the market and instead, approach efficiency, distribution, economic organization, and individual and public utility from ethical, jurisprudential and ultimately, administrative perspectives. This approach to economic questions was in fact the dominant one throughout most of recorded human history, with market-oriented economic analysis a very recent development.

Further, “the ascendance of the view of the market” operating

like any physical system without human interference has tended to obscure the earlier administrative tradition of the political economy followed from ancient Greek times through the Middle Ages to Adam Smith, in which man himself was the manipulator and regulator, the administrator of his economic affairs.

(Lowry 1987, 250, 249)
MEDIEVAL SOCIAL THOUGHT AND EUROPEAN RENAISSANCE

The influence of selected Arab-Islamic Scholastics

S.M. Ghazanfar

Civilizations no longer exist as separate entities in the way they once did. But modern societies still bear the strong stamp of history, and still identify with each other along cultural fault lines. Among these fault lines, the one that generates the most discussion today runs between Islamic and Western societies.

(United Nations Secretary-General Kofi Annan, 28 June 1999)

Introduction

The above epigraph is taken from a recent speech by the United Nations Secretary-General, in which he called for a “dialogue among civilizations”, as a counter to the “clash of civilizations” theme propounded by Harvard University’s Samuel Huntington in 1993. Kofi Annan’s reference to the “stamp of history” and “cultural fault lines” provides some context for the present paper; about the most significant among those fault lines were, of course, the Crusades.

Yet few problems in civilizational dialogue are as delicate or difficult as that of determining the existence and extent of influence exerted by one culture upon another. This is especially true where the links between medieval Islam and Latin-Europe are concerned. As Durant puts it, “civilizations are units in a larger whole whose name is history... [it] is polygenetic; it is the cooperative product of many peoples, ranks, and faiths, and none who studies its history can be a bigot of race and creed” (Durant, 343–4). Further, civilizations do not disappear; the past always rolls into the present. Indeed, “transplanted ideas, no less than transplanted plants, tend to develop new characteristics in their new environment” (Hitti 1969, 221). The medieval Islamic civilization absorbed Greek Hellenism, Judaism, Christianity, Hindu mathematics, and Chinese mysticism and alchemy, and developed its own intellectual edifice. This is also true regarding the evolution of contemporary Western civilization,
in that medieval Islamic civilization in particular played a crucial role in that evolution.

The mainstream literary-history paradigm, however, has tended to present the evolution of social thought as one straight line of events, moving almost entirely across the Western world, as if denying history to the rest of the world. Thus one observes a “literature gap” in discussions of the “medieval” history of the West. This gap encompasses just about every discipline (see Ghazanfar 1991). A large part of this period includes the multi-dimensional development of Arab-Islamic thought. During this period, Islamic scholarship not only absorbed and adapted the rediscovered Greek heritage, but also transmitted that heritage, along with its own contributions, to Latin-Europe. Thus was provided the stimulus for developing the human intellect further, for conveying a mould for shaping Western Scholasticism, for developing empirical sciences and the scientific method, for bringing about the forces of rationalism and humanism that led to the twelfth-century medieval Renaissance and the fifteenth-century Italian Renaissance, and, indeed, for sowing the seeds of the European Reformation (see Dawson; Gilson; Haskins; Makdisi; Sarton; Southern; and others).

Having thus set the tone, my purpose here is twofold. First, I briefly argue that the European Renaissance depended critically upon the intellectual armoury acquired through prolonged contact with and knowledge transfer from medieval Islamic civilization. Second, the paper will document the influence of several key Islamic Scholastics whose writings contributed to the European Enlightenment. From an almost endless list of such Islamic scholars, a few names that are particularly prominent are Al-Kindi (801–73), Al-Razi (865–925), Al-Farabi (870–95), Ibn Sina (980–1037), Al-Ghazali (1058–1111), and, most significantly, Ibn Rushd (1126–1198). The paper will conclude with some relevant observations from a few well-known Western medievalists who lament the mainstream neglect of Islamic culture, and with a plea for doctrinal continuity and literary objectivity.

The European Renaissance: a brief paradigmatic critique

Charles Homer Haskins, on the very first page of his magnum opus, The Renaissance of the Twelfth Century (1927), anticipates criticism by those for whom the fifteenth-century Italian Renaissance is more significant. He argues the “Middle Ages [to be] less dark and less static and the (Italian) Renaissance less bright and less sudden than was supposed” (Haskins 1927, vi). Then he insists that such a view ignores “the influx of new learning of the East, the shifting currents in the stream of medieval life and thought” (4). Further, it was during the twelfth century that Europe experienced “the revival of learning in the broadest sense”, armed with “new knowledge of the Greeks and Arabs and its effects upon Western science and philosophy, and the new institutions of learning” (viii-ix). After the reconquest, “Spain’s part was to serve as the chief link
with the learning of the Mohammadan world” (11). But, he says, “The story begins in Syria” (281). His reference is to the “first age of translations”, from Greek to Arabic, that began in Syria and then flourished during the ninth century in Baghdad’s House of Wisdom (Bait-al-Hikma). He goes on: “To their Greek inheritance, the Arabs added something of their own. The reception of this science in Western Europe marks a turning point in the history of Western intelligence” (282). Others have talked similarly. Thus, the

medieval scholars crossing the Pyrenees found the quintessence of all preceding science distilled by the theorists and practitioners of Islam. Historically, by entering the arena of Islamic civilization they had indeed entered the whole vast vibrant world of antiquity as well.

(Goldstein, 98)

And, “What Islam had to offer them now was not only a spate of enlightening digests of the whole, long, rich evolution but an intelligent discussion of all its essential features, screened and refined through Islam’s own intensive experience” (Goldstein, 102).

While this “intensive experience” included the Islamic world’s own “philosophic” battles between reason and revelation (thus originated the voluminous “Scholastic” literature), similar battles were later ignited in Latin-Europe through the transmission of that experience. Indeed, Western Scholasticism was inspired by medieval Islamic Scholasticism and “takes shape beginning in the twelfth century, not by chance in regions in contact with the Islamic world: Arab Andalusia and the Sicily of Frederick II” (Amin, 56; see Makdisi 1974).

Now, while Haskins emphasizes “continuity and change” as the hallmark of the Middle Ages, one typically observes “discontinuity” and almost a “universalization” of the European Dark Ages in literary history. Much of the literature, unlike Haskins’ works, reflects efforts to minimize the significance of Islamic linkages; the Greek heritage becomes the primary emphasis. Such omissions in historiography have persuaded one eminent medievalist to argue that “the Arabic component of our paradigmatic view of the Middle Ages has always remained incidental; it has never been systemic”, and the “myth of Westernness” is “too much shaped by cultural prejudices of an era in Western ideology that although just now in its death throes is still quite powerful in the real world of literary historiography” (Menocal 1987, 9, 13–14). Thus Arab-Islamic scholarship is treated “as nothing more than a holding operation…as a giant storehouse for previously discovered scientific results, keeping them until they could be passed on for use in the West. But this is, of course, a travesty of the truth” (Ronan, 203; see also Amin; Daniel; Dawson; Crombie; Sarton; Southern; and others). Occasional references
notwithstanding, what is almost endemic concerning the Islamic heritage is the tone and style that is “other-oriented”, exclusionary, remote, denigrating, or outright offensive.

Further, we can readily agree on the more recent Western impact on the Islamic world, for not only we are our witnesses, but also because of the long-established Western superiority that we take for granted. However, it becomes somewhat unsettling when we learn of the distant, far more significant impacts in reverse. Once the initial reaction is overcome, the tendency then is to keep the extent of those impacts within “proper bounds”. The names of a few medieval Islamic scholars are tolerated, but, at best, we begrudge them a role beyond mere “transmitters” of the Greeks (see Makdisi 1974). Such posturing is “garbled falsification” and “colossal misrepresentation” (Briffault, 189, 201), and “worse than a lie” (Sarton 1952, 27).

Having stated a secondary but related theme of this paper, we now proceed to the main task: that is, to document some evidence as to the influence of selected Arab-Islamic Scholastics, Ibn Rushd in particular, which contributed immeasurably to European awakening.

The Islamic Scholastics and their influence

Presently our task is to briefly explore the intellectual core of the medieval Islamic-European connections that gave rise to what Haskins called the “vision of a profoundly secular renaissance” (quote from Benson and Constable, xxiii). That vision was inspired through the scholarship of medieval Islamic “giants”, as Sarton referred to them, such as those mentioned earlier—Al-Kindi (801–73), Al-Razi (865–925), Al-Farabi (870–950), Ibn Sina (980–1037), Al-Ghazali (1058–1111), and, in particular, Ibn Rushd (1126–98). The Europe of the late Dark Ages was receptive, but such a vision had no roots in the earlier medieval culture of the West. It is neither Christian, nor Latin, nor German. It appears abruptly in Southern France about the time of the First Crusade, without any preparation and previous development…The origins of the new style are to be found in the rich and brilliant society of Muslim Spain. (Dawson 1952, 153)

Thus emerged the “confidence in the power of reason and that faith in the rationality of the universe without which science will have been impossible” (Dawson 1967, 230). The period of the Crusades provided the “greatest stimulus to cultural advance” through “challenges from the outside, as Western Europeans expanded their horizons and discovered the very different peoples who lived beyond their frontiers” (Ferruolo, 136). Further, “the Crusades
were of central importance...they helped to shape European attitudes, feelings, and values. The achievements of the twelfth century renaissance owe a great deal to the Crusades” (Ferruolo, 137).

The primacy of reason in pursuing human affairs was indeed the singularly unique and revolutionary attribute that the Islamic legacy bestowed upon the medieval West. And reason emerged as a force to counter the authority of the church, for the popes “judged all and could be judged by none” (Strayer, 8; see also Durant, 954). It was this social environment and contacts with Islamic civilization that persuaded the twelfth-century English heretic, Adelard of Bath, “trained”, as he says, “by Arab scientists”, to assert: “For I was taught by my Arab masters to be led only by reason, whereas you were taught to follow the halter of the captured image of authority” (Stiefel, 71 and 80; see also Dawson; Durant; Huff; Gilson; Makdisi; Southern; and others).

There were numerous Islamic Scholastics whose works inspired and facilitated the Latin-European “rational” intellectual environment. While Ibn Rushd’s role in this “rational” evolution is often acknowledged to be the most pronounced, there were others who not only influenced Ibn Rushd, but also directly affected subsequent Latin-European discourses. The task of introducing Greek philosophy to Islam and of underscoring its essential conformity with the Islamic worldview fell, first, to Abu Yousuf Al-Kindi. But there were also others.

**Al-Kindi (801–73)**

The founder of the Islamic Peripatetic school of philosophy and the author of 270 treaties ranging from logic and mathematics to physics and music, Abu Yousuf Al-Kindi, in recognition of his tireless efforts to make philosophy acceptable to theologians, is known as the “philosopher of the Arabs”. He is also the only great Muslim philosopher of antiquity. A thorough Mu’tazlite, he wrote that truth is universal and supreme, and that philosophy is but another form of the message which the prophets have carried.

As a rationalist, Al-Kindi proposed that certain passages from the holy book whose literal interpretation would be in conflict with reality should, instead, be understood as allegories to guide men of reason. As with most ancient philosophers, Al-Kindi believed that there exists two paths to truth: one for the uneducated masses, and the other for the cultured and the educated. This perspective also appeared in the writings of other Islamic philosophers, especially Ibn Rushd. Yet, as the first great Muslim thinker to wrestle with the perennial issue of harmony of philosophy and dogma, he showed a moderation almost without parallel in the subsequent history of Islam.

Despite his profound philhellenic sympathies, Al-Kindi remained thoroughly committed to the Islamic system of belief, as interpreted chiefly
by the rationalist theologians of the eighth and ninth centuries, the *Mu’tazilah*. He was virtually alone in attempting to give philosophical support to the basic Islamic scriptural concepts. Al-Kindi’s two treatises on geometrical and physiological optics were utilized by Roger Bacon (1214–92). His influence was so widely felt that the Italian physician and mathematician Geromino Cardano (1501–1576) considered him “one of the twelve giant minds of history” (Myers, 11).

**Al-Razi (865–925)**

Famed as the greatest physician of Islam, Muhammad Abu Bakr Zakariya Al-Razi earned the title of “Arabic Galen” and “most brilliant genius of the Middle Ages” for his achievements in medicine, but was also called the founder of philosophy of nature in Islam. He was a free thinker and an important philosophical figure who was even more radical than Al-Kindi in his attachment to Greek rationalism. His metaphysical system was said to be anti-prophetic in that he was unsure of the importance of revelation. Instead, he asserted, God created man and imparted a part of His reason to him, thereby enabling man to comprehend the material universe. Al-Razi’s unconventional views did not endear him to all Muslims. Later writers, though awed at his erudition, condemned him for blasphemy because he spoke openly of the superiority of reason over revelation.

Constantine the African translated into Latin two of Al-Razi’s philosophical works, and Gerard of Cremona translated his medical work *Tib al-Mansouri* under the title of *Liber Almansorius*. Al-Razi’s greatest work, *Kitab al-Hawi* (*Liber de Continens*) was translated into Latin and was published several times.

**Al-Farabi (870–950)**

Muhammad abu-Nasr Al-Farabi wrote extensively in different fields. He wrote the *Introduction to Logic* and *Abridgement of Logic*; his interest in natural science led to his commentaries on Aristotle’s *Physics* and on the movement of the celestial bodies. He also wrote *The Power of the Soul*, *The Unity and the One*, *The Intelligence and the Intelligible*, and a commentary on Alexander of Aphrodisias’ *De Animis*. He is also well known for his treatises, such as *The Gem of Wisdom*, *The Source of Questions*, *The Knowledge of the Creator*, and a commentary on Aristotle’s *Nicomachean Ethics*. His *The Good City* continues to be of sociological interest even today. He also discussed epistemological theology: knowledge of God, proofs of God’s existence, attributes of God, cosmology, etc. However, Al-Farabi is best known for *The Encyclopedia*, a definitive account of all branches of sciences and art, and *The Political Regime*, also known as *The Book of Principles*. 
The influence of Al-Farabi upon two of the thirteenth century’s most prominent Latin Scholastics, Albertus Magnus and his student, St Thomas Aquinas, is profound. In a comparative study, Hammond documents the similarities and parallels by placing Al-Farabi’s arguments “side by side with those of St. Thomas in order to aid the reader in comparing them” (Hammond, 65). Thus

it is evident that al-Farabi’s theology exerted a great influence on medieval thinkers; because upon comparing the teachings of al-Farabi with those of St. Thomas, we see without doubt the influence of the former [Al-Farabi] on the latter [St Thomas] but not vice versa.

(Hammond, 29)

Further, “Albertus Magnus and St. Thomas and others borrowed from him a great amount of material hitherto regarded by many as a product of their speculation, while in reality it is not” (Hammond, ix; see also Sarton).

Ibn Sina (980–1037)

Abu Ali Al-Husain Ibn Sina was another precocious genius of medieval Islam whose work spanned vast areas of knowledge. By the age of 10 he had memorized the Holy Qura’an and by the time he was 17 he was an established physician. Soon after that he had mastered the metaphysics of Aristotle. His magnum opus, The Canon of Medicine (al-Qunan fil-Tibb) remained the standard text until the birth of modern medicine. A prodigious scholar, he has been credited with at least ninety-nine books, dealing with philosophy, medicine, geometry, astronomy, theology, and art. His Kitab al-Shifa (The Book of Healing) covered practical knowledge on ethics, economics, and politics, along with theoretical knowledge on physics, mathematics, and metaphysics.

Ibn Sina was a fiercely independent thinker who insisted on the primacy of reason. Despite his protestations, among the orthodox he acquired a reputation for heresy. The most influential of the orthodox, Abu Hamid Al-Ghazali (1058–1111), declared him to be an unbeliever, specifically for “transmitting the philosophy of Aristotle” (Watt 1953, 32–3).

Ibn Sina’s writings, as those of other medieval Islamic scholars, not only formed a bridge between the Greeks and Renaissance Europe, but also constituted a distinctive school of epistemology and metaphysics, known as Latin Avicennism in medieval Europe, led by William of Auvergne. This movement, less well known than the Latin Averroism, was an attempt to reconcile the ideas of St Augustine with Aristotelianism.

Ibn Sina’s influence was deep and lasting. It reached out to Spain where it made its mark on two great minds—Ibn Rushd and the eminent Jewish heretic Maimonides (1135–1204)—and into Christendom to the various
Latin Scholastics (Albertus Magnus, St Thomas Aquinas, Duns Scotus, John of Seville, and others). Roger Bacon called him “the chief authority in philosophy after Aristotle”, and Aquinas spoke with as much respect for him as for Plato (Myers, 34). “Avicenna and Averroes were lights from the East for the Schoolmen, who cited them next to the Greeks in authority” (Durant, 342).

**Abu Hamid Al-Ghazali (1058–1111)**

The most prominent of the medieval Islamic theologian-Scholastics is Abu Hamid Al-Ghazali, “acclaimed as the greatest...certainly one of the greatest” (Watt 1963, vii). As a “theologian and apologist of Islam”, he was “one of its original thinkers. He exerted great influence upon Jewish and Christian scholasticism and succeeded in reconciling his pragmatic tendencies with strict Moslem orthodoxy” (Myers, 35). The most significant of his writings is the four-volume *Ihya Ulum al-Din* (The Revival of the Religious Sciences), which “parallels” St Thomas Aquinas’ *Summa Theologica* (Sarton 1927–48, vol. I, 914; Durant, 950). Incidentally, Al-Ghazali’s works, including the *Ihya*, were translated into Latin before 1150 (Myers, 39).

Al-Ghazali’s scholarship, imbued as it was with his deep Islamic faith, assumes its greatest significance in relation to the larger philosophical-theological controversies of the time. He challenged other Islamic Scholastics (Al-Farabi and Ibn Sina in particular) whose Aristotelian rationalism threatened Islam itself. His attempt at reconciliation and overcoming this challenge appeared in his *Tahafat al Falasifah* (The Incoherence of Philosophers), which was later countered by Ibn Rushd, as we shall see.

As the works of Islamic rationalists reached medieval Europe, they even threatened the “liquidation of Christian theology” (Durant, 954). Thus, relying heavily on Al-Ghazali’s synthesis, “St. Thomas was led to write his *Summas* to overcome that threat” (Durant, 954). And, “since Ghazali placed science, philosophy and reason in position inferior to religion and theology, the Scholastics accepted his views, which became characteristic of most medieval philosophy” (Myers, 39–40). Thus

Europe as well as the Muslim East felt the impact of Al-Ghazali’s teaching. Echoes of his voice are heard in the reflections of Blaise Pascal, and his work was paralleled by Thomas Aquinas in the discourse on Christian doctrine and in other portions of *Summa Theologica*.

(Jurji 1979, vol. 13, 312–13)

His “teaching is quoted by St. Thomas and other scholastic writers” (O’Leary, 208); and it is generally known that St Thomas’ Christian synthesis “was deeply influenced by Muslim philosophers, chiefly al-Ghazali” (Sarton 1927–
Al-Ghazali’s work was an Islamic “harmonization”, which facilitated Aquinas’ subsequent “attempt to harmonize Christianity with Aristotelian philosophy” in his *Summa Theologica* (Newman et al., 16).

Further, the Spanish Dominican monk Raymond Martin directly benefited from Al-Ghazali’s texts in his books entitled *Pigio Fidei* and *Explanation Symboli*; and “the arguments have been taken exactly as they were in the originals” (Sharif, 1361). St Thomas also used some of Al-Ghazali’s texts in *Contra Gentiles*, either directly or through the mediation of Raymond Martin. St Thomas, who had received his education from the Dominican order at the University of Naples, had known Al-Ghazali’s philosophy well, and used his arguments in attacks on Ibn Rushd and his Aristotelian commentaries.

*Ibn Rushd (1126–98)*

Having provided a glimpse of a few prominent Islamic Scholastics, we now turn to the most famous intellectual of Muslim Spain, Ibn Rushd. The “heresies” of iconoclasts such as Ibn Rushd generated an unprecedented intellectual turmoil, which for ever transformed social thought in both medieval Islam and Latin-Christendom.

Abul Walid Mohammad Ibn Rushd (known as Averroes in the Latin West) was the ultimate rationalist, the Aristotelian heretic of medieval Islam and Christianity. His singular influence in stimulating the Western Renaissance is acknowledged “as the landmark in the history of Western civilization” (Gilson 1948, 30). Along with Ibn Sina, he is “the greatest name in Arabian [Islamic] philosophy...whose influence spread, in many directions, through the duration of the middle ages, then in the epoch of the Renaissance up to the very threshold of modern times” (Gilson 1955, 217). Indeed, “he was the greatest Muslim philosophers of the West, and one of the greatest of medieval times” (Sarton 1927–48, vol. II-1, 356). Roger Bacon ranked Ibn Rushd next to Aristotle and Ibn Sina (Durant, 338).

Ibn Rushd came from a family of Cordoban scholars; his father was a local *qadi*, as was his grandfather (also the imam of the Cordoba mosque). Trained as a lawyer and a physician, his role as caliph’s adviser initiated him into philosophy. He wrote extensive commentaries on Aristotle, and others. He also wrote a seven-volume medical encyclopedia, *Kitab al-Kulliyat fil-Tibb* (hence the Latin name Colliget, a corruption of *kulliyat*, or “generalities”), used in European universities until the eighteenth century. Though his scholarship in medicine has been eclipsed by his fame as a philosopher, he was, however, “one of the greatest physicians of the time”, the first to explain the function of the retina and to recognize that an attack of smallpox leads to subsequent immunity (Sarton 1927–48, vol. II-1, 305).
Ibn Rushd’s philosophy was in the tradition of prevailing Islamic Scholasticism, with attempts to synthesize Islamic faith and reason in light of the Greek heritage. His Commentaries on Aristotle were translated into Latin and Hebrew. There soon appeared super-commentaries on his commentaries—which itself is testimony to the extent of Ibn Rushd’s influence.

One major source of European contacts with Islamic scholarship was the University of Naples, founded in 1224 by the Roman emperor Frederick II, primarily for the purpose of assimilating Islamic philosophy and science. Having been educated under Muslim teachers, and having had close contacts with Muslims in Sicily and during the Crusades, Frederick II had become a great admirer of Islamic thought in general and of Ibn Rushd in particular. The works of Aristotle, Ibn Rushd, and others, in their Latin translations, were part of the curriculum at Naples (where St Thomas studied), but were also sent to the universities of Paris and Bologna. Nowhere did Averroism strike deeper roots than at the universities of Bologna and Padua; the latter became the “hot-bed” of Averroism (Sharif, 1381).

Like others before him, Ibn Rushd was criticized for suggesting that revelation must be guided by reason. In his view, the noblest form of worship was to study God through His works, using the faculty of the mind. For his rebuttal, Tahafut al-Tahafut (Incoherence of the Incoherence), of Al-Ghazali’s arguments, Ibn Rushd is rather well known. His dispute with Al-Ghazali provides a fascinating view of the issues which engaged medieval minds. In Al-Ghazali’s scheme, everything is the result of continuous divine intervention, the divine will; any causal link is secondary. But, for Ibn Rushd, while divine will may be the ultimate cause, “To deny the existence of efficient causes which are observed in sensible things is sophistry…Denial of cause implies the denial of knowledge and denial of knowledge implies that nothing in the world can really be known” (quoted in Hoodbhoy, 114).

Once the rediscovery of Aristotle through Ibn Rushd’s writings was complete, philosophers and theologians alike found themselves in possession of the greatest intellectual reservoir ever developed up to that time. Influenced by the writings of the “Great Commentator”, philosophers and theologians split into two major groups: the “liberal” pro-Averroists, known as the Latin Averroists, with Siger of Brabant at their head, generally identified with the Franciscan friars; and the “conservative” anti-Averroists, with St Thomas Aquinas of the Dominican order at their head. The issues were legion—metaphysical, philosophical, and practical. It may be noted, however, that even Ibn Rushd’s critics, including St Thomas, did not escape his influence, and their understanding of Aristotle was conditioned by Averroes’ interpretations. In 1852, Ernest Renan, in his great work Averroes et l’Averroisme, expressed this paradox well:

St. Thomas is the most serious adversary that the Averroes doctrine has encountered, and yet one can go further to say, para-
Etienne Gilson, in his *Reason and Revelation in the Middle Ages*, accords Ibn Rushd the distinction of having asserted the “primacy of reason” or a purely philosophical rationalism long before the Italian Renaissance. Rationalism was “born in Spain, in the mind of an Arabian philosopher, as a conscious reaction against the theologism of the Arabian divines” (Fakhry 1997, 6; Gilson 1948, 37). Gilson adds that when Ibn Rushd died in 1198, “he bequeathed to his successors the ideal of a purely rational philosophy, an ideal whose influence was to be such that, by it, even the evolution of Christian philosophy was to be deeply modified” (1948, 38). Gilson attributes to Ibn Rushd the recognition, which became pivotal to St Thomas’ own philosophy, “that nothing should enter the texture of metaphysical knowledge save only rational and necessary demonstrations” (Fakhry 1997, 6; Gilson 1948, 79). However, unlike some of his adversarial Latin Averroists, St Thomas was not willing to concede that either Aristotle or Ibn Rushd were infallible. Latin Averroists saw in Ibn Rushd a distinction between philosophical truths and truths of faith, known as the “doctrine of double truth”, with philosophical truths as supreme. While Ibn Rushd made such distinctions, he did not regard truths of faith as incompatible with reason. In that respect, Aquinas agreed with the Averroist view, expressed in Ibn Rushd’s *Fasl al-M’aq* (Harmony of Philosophy and Religion), where he makes the distinction (Fakhry 1997, 6).

Despite the enthusiasm for Ibn Rushd’s Aristotelian Commentaries in Paris during the thirteenth century, serious questions arose as to the compatibility of Ibn Rushd’s Aristotelianism with the Christian doctrine. And there were condemnations *en masse* (a medieval version of the 1950s anti-communist “McCarthyism” in the United States) and even a thirteenth-century papal inquisition against the Christian “heretics”. The focus was mainly on Latin Averroists, led by Siger of Brabant, who were suspected of subscribing to the “double-truth” doctrine: some truths philosophical, others theological; and reason was superior to faith. St Thomas in his *On the Unity of the Intellect against the Averroists* confirms this suspicion but denies the doctrine. Ibn Rushd himself did not subscribe to such a thesis and it is doubtful, according to Gilson and other medievalists, that even Siger himself did so. This doctrine, however, was a godsend for the scientifically minded people in the West, who were condemned and persecuted by the church and the state. They found their best support in this and other “Averroisms”. For this reason, de Wulf calls Ibn Rushd the “doctor of anti-Scholastics” (Sharif, 1380).

For Ibn Rushd, the primacy of reason is unquestioned but compatible with faith, and for this Gilson regards him as the herald of rationalism long

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Influence of Selected Arab-Islamic Scholastics

Doxically, that he is the greatest disciple of the Great Commentator. Albert the Great owes everything to Avicenna, St. Thomas, as philosopher, but above all to Averroes.

(quoted in Fakhry 1997, 5)
before the Renaissance (Fakhry 1997, 34). In his *Fasl al-M’aqal* (Harmony of Philosophy and Religion), which was not available to St Thomas, Siger of Brabant, or their contemporaries in Latin, Ibn Rushd maintains a position which may be called the “parity” or “harmony” of truth, philosophical and theological. Thus philosophical truth, although superior to religious truth, is not really incompatible with, or even different from, it. The only difference is the path to truth—philosophical and theological. For any “apparent” conflict between the religious texts and the philosophical texts, it is the philosophers’ duty, whom the Qura’an calls “those who are confirmed in knowledge” (*The Holy Qura’an*, Sura 3:5–6), according to Ibn Rushd’s reading, to resolve the conflict by recourse to the method of interpretation. Thus, in response to Al-Ghazali’s charge of infidelity (*kufr*), Ibn Rushd argues that, if the inner meaning of the Qura’anic passages is understood, the position of the philosophers accords with that of the theologians (Fakhry 1997, 33–4).

However, Ibn Rushd’s Aristotelian commentaries and his own contributions became rapidly the ruling mode of social thought in the West. Scholars of medieval Europe were agitated and inspired by Ibn Rushd’s writings. Whereas other Muslim Scholastics, like some of their Latin successors, tried to adapt Aristotle’s views to meet the needs of theology, Ibn Rushd’s commentaries and rationalism seemed to excessively “Hellenize” the Islamic dogma. Thus his Muslim contemporaries persecuted him and the Muslim posterity almost forgot him and allowed his works to be lost in their original Arabic form. Jews preserved many of these works, and Maimonides (1141–1204) followed Ibn Rushd’s steps in seeking to reconcile religion and philosophy (and suffered at the hands of Jewish orthodoxy). In Latin Christianity, the commentaries were translated into Latin from the Hebrew, fed the heresies of Siger of Brabant and the rationalism of the Italian school of Padua, and threatened the foundations of Christian faith. Unlike Ibn Rushd, and relying on the more compatible Al-Ghazali, St Thomas recognized that some dogmas of religion were beyond reason and must be accepted by faith alone: “The aim of his life was to reconcile Aristotelianism and Muslim knowledge with Christian theology” (Sarton 1927–48, vol. II-2, 914); and “Thomas Aquinas was led to write his *Summas* to halt the threatened liquidation of Christian theology by Arab interpretations of Aristotle...indeed, the industry of Aquinas was due not to the love of Aristotle but to the fear of Averroes” (Durant, 913, 954). Thus the Latin Scholastic synthesis of the medieval centuries was constructed and preserved; the Aristotelian heresies had been demolished and Ibn Rushd the “infidel” had been humbled. St Thomas’ followers saw his glory in this synthesis (reflected in the accompanying sketch (Figure 15.1), “St Thomas Aquinas overcoming Averroes”, Libby, 54).

It was not to be so, however. During the twelfth and thirteenth centuries Latin-Averroism had far-reaching consequences for medieval and modern social thought, hardly foreseeable by the medieval Scholastics. It established “a tradition in which it became possible to question the status of religion”
Figure 15.1 St Thomas Aquinas overcoming Averroes

Source: Libby (1917, 54).
and from the end of the twelfth century to the end of the sixteenth century Averroism remained the dominant school of thought, in spite of the orthodox reaction it created, first among the Muslims in Spain and then among the Talmudists, and finally among the Christian clergy. These were the centuries that witnessed revolutions in social thought, with medieval Islamic sources always lurking in the background, sometimes acknowledged disdainfully and sometimes discarded contemptuously as belonging to the “enemy” culture. As the Greek heritage had aroused the great age of Arabic science and philosophy, so now it would excite the European mind and inquiry and speculation... would crack stone after stone of that majestic edifice to bring this collapse of the medieval system in the fourteenth century, and the beginnings of modern philosophy in the ardor of the Renaissance.

(Durant, 913)

The results were monumental in Western history. Harold Nebelsick puts it well. He discusses the achievements of the Arab-Islamic scholars, and how they “appropriated, appreciated and preserved Greek classical learning and built upon it” (Nebelsick, 5), and, “thus, laid the foundations for a quite unprecedented revival of learning in Europe” (ix); “The results were the Renaissance in the thirteenth century, the Protestant Reformation in the sixteenth century, and eventually the rise of modern science in the seventeenth” (9). Even in our own time the contributions of those scholars, in the world of Islam and in the Christian West, represent the source of the most beneficent form of intellectual enlightenment (Fakhry 1997, 7).

Some concluding observations

My purpose in this paper has been twofold. Though less immediate, first I provided a brief critique of the mainstream literary paradigm that dominates discussions of the European Renaissance, with the “intermediation” role of Islamic civilization almost invariably noted as minimal and remote. Second, and relatedly, I discussed the influence of a few key Islamic Scholastics, Ibn Rushd in particular, whose works, once transmitted and assimilated, generated unprecedented upheaval in social thought in Latin-Europe. Those linkages gave rise to the twelfth-century Renaissance, helping formulate the medieval Scholastic synthesis, facilitating the fifteenth-century Italian Renaissance, and, indeed, sowing the seeds for the sixteenth-century European Reformation. Such were the medieval civilizational connections, made possible as the Islamic legacy transferred en masse to Europe, in the course of several centuries, through translations, travels, trade and commerce, cultural diffusion, oral traditions, the Crusades, and so forth (see Ghazanfar 1998).
INFLUENCE OF SELECTED ARAB-ISLAMIC SCHOLASTICS

Having pursued these tasks, though perhaps provocatively, it is appropriate to now rely on three corroborative comments from well-known medievalists. It might be noted that such quotations could easily be multiplied.

We are so accustomed to regard our culture as essentially that of the West that it is difficult for us to realize that there was an age when the most civilized region of Western Europe was the province of an alien culture (i.e. Islam)...At a time when the rest of Western Europe was just emerging from the depths of barbarism, the culture of Moslem Spain had attained complete maturity and surpassed even the civilization of the East in genius and originality of thought...All of this brilliant development of culture is completely ignored by the ordinary student of medieval European history. It is as though it were a lost world which had no more to do with the history of our past than the vanished kingdom of Atlantis.

(Dawson 1932, 230–1)

This introduces what might be called the miracle of Arabic science, using the word miracle as a symbol of our inability to explain achievements which were almost incredible. There is nothing like it in the whole history of the world...Some historians have tried to belittle those immense achievements by claiming that there was nothing original in them and that the Arabs were nothing but imitators. Such a judgement is all wrong...The achievements of the Arabic-speaking people between the ninth and twelfth centuries are so great as to baffle our understanding.

(Sarton 1951, 27, 29, 35)

Islam is the parent that beget and nourished European civilization...We may be sure that those who accuse Moslem scholars of lack of originality and of intellectual decadence have never read Averroes or looked into al-Ghazali, but have accepted second-hand judgements. The presence of doctrines of Islamic origins in the very citadel of Christianity, the Summa of Aquinas, is a sufficient refutation of the charge of lack of originality and sterility.

(Guillaume, quoted in Thomas, 190)

Yet contemporary literary discussions of the evolution of social thought continue to reflect the persistent and stubborn “blind spot”. Thus, for the sake of ensuring “continuity and change”, as Haskins and others would want, and for the sake of doctrinal objectivity that is incumbent upon all scholars, there is this plea. Can the “Western Europeans” somehow overcome “the great difficulty in considering the possibility that they are in some way seriously indebted to the Arab world, or that the Arabs were central to the making of
the medieval Europe” (Menocal 1987, xii-xiii)? But, “The Western sense of superiority in every sphere of endeavor has scarcely been challenged for 300 years. It has become part of our heritage, most painful to abandon and adjust” (Southern 1962, 2). Resistance is deep-rooted, though the Aristotelian rationality of Ibn Rushd and his Islamic contemporaries demands openness and flexibility.

And the “dialogue among civilizations”, as suggested by the UN Secretary-General in his June 1999 speech, “is necessary for the enhancement of civility, whether at national or international level”.

Notes

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