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*Muslim Economic Thinking and Institutions
in the 10th AH/16th Century*

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The study of 'History of Economic Thought' yields its readers an opportunity to have insight into the origin and growth of economic ideas which eventually culminate in economic theories capable of explaining the economic realities scientifically. The frequently asked question in this context is when we have at our disposal the sophisticated tools of theoretical tools why should we go into the past to find as to how have they been evolved? The answer lies in the fact that such knowledge offers us a window to look into the contemporary dialogue that goes on in different time periods in any society. Further, since economic ideas and the economic realities hold a dialectical relationship between them the insight into the contemporary realities become prerequisite for the study of History of Economic Thought in the right context. So we acquire knowledge about how a phenomenon was viewed by contemporary thinkers. The economic realities consist of, (one); the way man's means of livelihood expands and (two); how various institutions emerge and grow to facilitate the former.

The writing on the History of Economic Thought in a systematic manner and making it one of the specialized branches of knowledge in economics is undoubtedly the significant contribution of the Western economists. As a result we find a chronological sequencing of economic ideas and the circumstances that produced them. Such development

enhances one's ability not only to use the theoretical tools but enables him/her to sharpen them further to meet the challenges thrown by the ever growing complexities of the economic realities and emerging institutions. But the horizon of these authors of History of Economic Thought was myopic in the sense that they could not capture such developments taking place outside the ambit of traditional economics. In Islamic world the growth of economic and other ideas was a continuous process since the very beginning as compared to the West where the gaps in intellectual growth are well documented. It is in this context that Dr Islahi's work *Muslim Economic Thinking and Institutions in the 10th AH/16th Century* assumes significance. In fact his present work is the continuation of his earlier work "Contributions of Muslim Scholars to Economic Thought and Analysis (11–905 A.H./632–1500A.D.)" published by the same house.

Most of the important works in Islamic Economic Thought could so far be traced only up to 15th century CE. So the History of Islamic Thought too was perceived to have its share of gaps as there was an apparent vacuum after the prolific writings of Ibn Khaldun, al-Dulaji and al-Maqrizi – all of them belonging to the first half of 15th century CE. The work under review seeks to demolish such perception as the author finds continuity of the traditions of writings on Islamic Economics as well as the evolution of economic institutions.

The work is organized into twelve chapters beginning with outlining the plan of the book, scanning of literature and identifying those historical events of 16th century CE (10th century AH) that had the bearing on the Muslims' intellectual expressions. Literature review throws adequate light on the state of the History of Islamic Economic Thought that not only fails to bring to light the significant developments in Islamic Economics in the 16th century but also exposes the inadequacy of the evidence in support of the theory of continuity since the setting up of Islamic State up to 15th century CE when writing on Islamic Economic Principles and the working of system based on them was at its zenith. In this context the present work is a net addition to the existing body of knowledge as the 16th century thus far remained under-researched. The chapter also provides a sketch of the historical developments that took place in the contemporary world so that reader could have a broad horizon of perspectives. This is important in view of the occurrence of some watershed developments in world history during the century under discussion.

In the above context end of Muslim rule in Spain, consolidation of Ottoman rule in Turkey and occupation of Egypt, Syria and part of Iraq, establishment of Safawids dynasty in Iran and Mughal dynasty in India are the significant political developments along with the new scientific discoveries and the advancement in navigation by Europeans that led to the emergence of new power structure at global level found mention in the opening chapter of the book. Besides, the chapter gives meticulously a brief account of the source material.

Chapter II gives a precise account of the Muslim rule in the different regions. There were three powerful Muslim empires during the period: Ottomans in Turkey, who succeeded in expanding their rule in south west Asia by defeating Mamluks - once a powerful empire in the region with Cairo as their capital; they also expanded their rule northward; Safawid kingdom in Iran founded by Isma'îl Shah, and Mughals in India who came from Afghanistan and established a powerful empire which lasted more than two hundred years of which about first hundred years were full of glory and intellectual pursuit. The book gives a very systematic account of the emergence and expansion of these empires along with the power struggle and the diplomacy that went on during the period. Intrusion of Portuguese into Hormuz in Persian Gulf and west coast in India, on the strength of their naval superiority has also been accounted carefully.

As the rule of Ottoman was to influence the course of Islamic politics and institutions it has been dealt with some brief account of its administration, justice system and the rationale for establishing Shariah rule. While drawing on historical evidence a considerable space has been provided to European sources as well.

Chapter III surveys the intellectual atmosphere and state of knowledge in the Muslim empires. As was expected, the expansion of knowledge during this period had been found to be limited to the traditional branches. Existing knowledge centers continued to grow with considerable amount of intellectual discourses not only within the State but with the people across Muslim World. At the same time there is hardly any evidence of expansion of the knowledge into non conventional domain. The chapter, in a separate section, produces the list of imminent scholars of the time and their contributions in different fields but it does not mention the significant scientific discoveries. Such state of affairs is reflective of the fact that

despite flourishing empires, technological and scientific developments at adequate pace were not taking place in the Muslim world. This could be one such area where further researches are required.

Chapter IV traces the existence of economic institutions that reflects the organization of the economic system in accordance with the Shariah compatible principles. Institutions do emerge to make the working of the system efficient. They are the significant indicators of the state of economy and its working. The author quite painstakingly collected the various accounts to detail the state of agriculture, agrarian relations and condition of peasantry. Necessity of maintaining huge army was the major factor in shaping the landlordism. However there was very stringent vigil over the record keeping with regard to the ownership of land.

The 16th century Muslim States did have the mercantile activities as the merchant's guilds are accounted but the magnitude of commercial capital does not appear to be very large as was the case with the contemporary Europe where it became a major factor in the emergence of the 'Mercantilism', the doctrine which influenced the public policy and gave impetus to the race and conflict for capturing the world trade which ultimately resulted in the colonization of different parts of the globe. The author succeeded in gathering evidences on the abuse of money, its crises and its adverse impact on price in the Mamluk rule in the previous century and the corrective measures by Ottomans in the 16th century. The existence of various mechanisms meant to regulate trade and market show the extent of commercial growth and trade activities.

Subsequent chapters of the book contain the elements of Islamic Thought expressed in the 16th century or before which, in terms of time and space, were surely ahead of time.

Chapter V deals with the ideas and practices about market functioning and pricing mechanism as well as administrative fixation of prices. The sequence of evidence points to the continuity since the time of prophet to the period under discussion. Here we find ample clarity of thought about the market and the conditions under which it functions efficiently as well as the conditions when the intervention in its working becomes desirable to ensure 'just price'. The author has tried to show inaccuracy of the Schumpeterian statement regarding the theory of mechanism of pricing,

who claims that there is very little to report before the middle of the eighteenth century. In view of this, the work under review provides strength to the belief in the efficacy of Islamic economic principles.

Chapter VI is quite interesting as it takes a position which is debatable. The position taken by the author that one of the major factors for the emergence of mercantilism was the desire of Christian Europe to dominate Muslim world by defeating them economically. The popular belief has it that mercantilism was largely contributed by the emergence of commercial capital, transition to exchange economy, dawn of new era of knowledge that resulted in scientific discoveries and freedom from orthodoxy – which in turn began to question the authority of the Church. It is termed as the economic counterpart of political nationalism. There is no doubt that in the pursuit of their goal of becoming strong national States through accumulation of bullions from export surplus Europeans found Muslims to be their natural rivals. The factor contributed to their success was their scientific and maritime discoveries the area in which Muslims were lagging behind by significant margin. The theory of Muslim bashing is weakened by the fact that growth of mercantilism was a serious blow to the dominance of the Church itself. Nevertheless the point raised by the author deserves a little serious research as in view of the clash of civilizations theory such possibility cannot be ruled out altogether.

Chapter VII provides the significant insight into Muslim scholar's contribution to the theory of money. In the backdrop of Western economic historian's neglect of such contribution the author's efforts deserve praise. Muslim's contributions to the theory of money, its token and intrinsic value, debasement, relationship with the price are the matters that are significant as the presence of these elements, albeit in embryonic form, in their writings could be said to be well ahead of time. Especially significant is the presence of certain elements in the writings that later on found expression in westerner's mature work in the form of Gresham's law and the Quantity theory of money.

In view of the fact that evolution of money and its theories result from the complexities of the economy as it grows and develops, the works of al-Suyuti and al-Tumurtashi are significant as they continued the tradition of dealing with monetary issues of the time. However, it is strange that none of them tried to investigate the causes of fluctuation in the value of money as a result of influx of American silver and resulting inflation and its consequences on various sections of society.

Chapter VIII is devoted to the property relation with respect to agricultural land. As the agriculture was the mainstay of the majority of population that requires unambiguous laws that would govern the land revenue administration as well as the property rights. It provides valuable account of the practice of *kharaj*, a tax payable on land conquered but left with the original owners. It also provides the systematic account of the tax and rent administration principles which were deduced from *fiqh*. The scholar's account on the subject of land revenue administration, the issues regarding the proprietary rights on land and rent exemption produced here surely enhance our understanding as to how the adherence to Islamic principles helped resolve the contentious issues that have the potentiality of causing peasant unrest, a situation that contributed greatly to the French revolution in the 18th century CE.

Chapter IX gives the account of the institution of *waqf*, an institution which was and is extremely popular in the Islamic countries. The institution is created by earmarking some endowments that would ensure regular flow of income that could be utilized for pious purpose. They are created by private initiative but significantly supplement the State in providing number of public and merit goods. This Chapter documents the kind of *waqf* and their management, methods – permissible in the Shari`ah – to augment the income flows. Also documented are the issues on which opinion was divided among the scholars as in the case of cash *waqf*. Such account is pointer to the fact that Islamic Economics seeks to find solution to different problems in unique but practical manner.

Chapter X presents the Muslim scholars' work on Public Finance, the area in which traditional economics did not show any significant interest before Smith wrote Canons of Good Tax System. The reason why the area of public finance received scant attention lies in the fact that States were not bound in any system by any moral or ethical code and the role of the State was confined to the limited provision of public goods. It was Islamic principles that provided the dos and don'ts for the State. Though such writings, as admitted by the author himself, declined in the 16th century CE but still he could provide a good account of work by Al-Balatumusi and Ibn-Nujaym on the taxes and expenditures in accordance with the Shari`ah permissible code especially the restriction it puts on rulers in such matters.

Chapter XI provides an account of two powerful institutions peculiar to Muslim States. They are '*al-Hisbah* and *al-Siyasah al-Shar'iyah*. The former was in existence, as per author's account, since the time of the Prophet himself. It was the system for the supervision of market to ensure fair practices. The significant development of 16th century CE was to revive the system which was weakened during the latter years of Mamluk rule. The other institution mentioned above was responsible for devising the principles for the political and economic governance. The system assumes significance as informed decisions taken by the government depend a great deal on the mechanism of such information inputs. Author's account find a trail of such mechanism in all the Muslim ruled States including India.

Final chapter of the book presents the concluding observations. Probably no body would dispute that the book establishes few things. One, the period still remains under- researched. Two, there exists a continuity in the intellectual discourse as against the case in the Western world where there was a considerably longer period when there was virtually no activity on intellectual plain.

The author did well in documenting a sequence of various accounts that successfully leads to the conclusion drawn by him. Besides, the book will go a long way in offering the researchers a direction for undertaking comparative studies of economic thought and economic history in the two regions that followed different paths in respect of both. Readers might notice one more conclusion that follows from the account; whereas in the West thoughts were largely resulted from the contemporary developments, in Muslim world there was a consistency as it was based on sound Islamic principles which were only tuned, keeping the basic element intact, to address the issues arising out of growing complexities of the economy.

As far as the plan of the book is concerned, it could have been reorganized into lesser number of chapters. Few more details about the economic development in the West would have enhanced the utility of the book in good measure. But still it is a very readable book for the purpose of research for its documentation treasure.