INTRODUCTION TO

ISLAMIC ECONOMIC THOUGHT

From 8th to 15th

Ramon VERRIER

I A RELATIVELY UNKNOWN THOUGHT

- 1. The relative absence of contributions in this field
- 2. Reasons of the discretion

II CONTRIBUTIONS AND IMPROVEMENTS OF THE IET

- 1. Contributions of the IET
- 2. The innovative contributions of the IET

A RELATIVE UNKNOWN THOUGHT

SOME PAPERS...

- * GHAZANFAR S.M., ISLAHI A.A., Economic thought of an Arab Scholastic: Abu Hamid al-Ghazali, *H.O.P.E.*, vol. 22, no2, 1990.
- GHAZANFAR S.M., ISLAHI A.A., A rejoinder to "Economic Thought and Religious Thought", H.O.P.E., vol. 27, no 4, 1995.
- * HOSSEINI H., Understanding the market mechanism before Adam Smith : thought in medieval Islam, *H.O.P.E.*, vol. 27, no 3, fall 1995.
- **ESSID Y.**, **1987**, Islamic Economic Thought, in S.T. Lowry, *Pre-classical Economic Thought*, Kluwer Academic Publisher, Boston / Dordecht / Lancaster.
- **ESSID Y.**, 1992, Greek economic thought in the islamic milieu: Bryson and Dimashqî, in *Perspectives on the History of Economic Thought*, vol. VII, éd. S. Todd Lowry.

CONTRIBUTIONS ON IET

European Contributions

Muslim contributions

- Jacques Wolff
- •Louis Baeck
- •E. Fuentes Quintana
- M. Grice-Hutchinson

- · M.H. Dowidar
- M.N. Siddiqi
- Omar Akalay
- A. El Cohen
- Brahim Rachidi

CONTRIBUTIONS ON IET

Some european contributions
(Books)

- M. Grice-Hutchinson: Early Economic Thought in Spain,1978
- Jacques Wolff: Les pensées économiques, 1988
- Louis Baeck: The Mediteranean Tradition in Economic Thought,
 1994
- ■E. Fuentes Quintana: Economia y Economistas Españoles, 1999

CONTRIBUTIONS ON IET

Some muslim contributions (books)

- M.H. Dowidar: *Political Economy, a Social Science*, 1977
- Omar Akalay
 - Le grand vide de Schumpeter, 1991
- -Histoire de la pensée économique en Islam du 8^{ème} au 12^{ème} siècle, 1990
- A. El Cohen, Les pensées économiques, 1994
- Brahim Rachidi: *Histoire de la pensée économique*, 2002
- •M.N. Siddiqi: Muslim Economic Thinking, 1980

Joseph A. Schumpeter (1883-1950)



History of Economic Analysis (1954)

« The Great Gap »

"As regards our subject, we can safely cross a bound five hundred years, until the time of Saint Thomas Aquinas (1225-1274) whose Summa Theologiqua is for the history of thought what the southwest arrow of the cathedral of Chartres is for the history of architecture"

Negation of the "Great Gap": some books and papers

- G.H. BOUSQUET, L'économie politique non européano chrétienne. L'exemple de Dimachqi, 1957.
- J. SPENGLER, Economic Thought of Islam, Ibn Khaldun, 1964.
- * GHAZANFAR S.M., ISLAHI A.A., Economic thought of an Arab Scholastic: Abu Hamid al-Ghazali, *H.O.P.E.*, vol. 22, no2, 1990.
- * GHAZANFAR S.M., ISLAHI A.A., A rejoinder to "Economic Thought and Religious Thought", *H.O.P.E.*, vol. 27, no 4, 1995.
- * HOSSEINI H., Understanding the market mechanism before Adam Smith: thought in medieval Islam, *H.O.P.E.*, vol. 27, no 3, fall 1995.
- ESSID Y., 1987, Islamic Economic Thought, in S.T. Lowry, Pre-classical Economic Thought, Kluwer Academic Publisher, Boston / Dordecht / Lancaster.
- **ESSID Y.**, 1992, Greek economic thought in the islamic milieu: Bryson and Dimashqî, in *Perspectives on the History of Economic Thought*, vol. VII, éd. S. Todd Lowry.

A single Muslim mediation of Greek culture?

Some opinions:

F. HEGEL

« ... pre-knowledge or recovery of Greek which nothing would have brought »

E. RENAN

« Philosophy among the Semites was never without a foreign loan and without high fecundity, an imitation of Greek philosophy »

THE GREEK LEGACY

Themes and ideas	Greek scholars	Arab and Muslim scholars
Production of goods necessary for satisfaction of human needs	Aristote	Al-Fârâbî, Ibn Sina, Al-Ghazali
Life in society, specialization and division of labor to make production growth	Platon, Aristote	Al-Dimashqî, Al-Ghazâli, Ibn Khaldûn
Exchange from specialization is facilitated by money	Aristote	Ibn Rushd / Averroès
The three functions of money	Aristote	Al-Dimashqî, Ibn Rushd , Ibn Taymiya, Ibn Khaldûn
Disapproval of wealth or poverty excess	Platon	Miskawayh, Ibn Taymiya

THE GREEK LEGACY (continuation)

Themes and ideas	Greek scholars	Arab and Muslim scholars
Justice in exchange and middle way society (juste milieu)	Platon	Miskawayh
Equality, identity and reciprocity by the money	Aristote	Miskawayh Ibn Rushd
Developments on use and exchange value	Aristote	Ibn Taymiya, Ibn Khaldûn
Sentence of monopolist practices	Aristote	Ibn Taymiya Al Tilimsani
Disapproval of salaried activities	Aristote	Ibn Khaldûn

THE GREEK LEGACY (end)

Themes and ideas	Greek scholars	Arab and Muslim scholars
Sentence of interest	Aristote	Ibn Khaldûn
The birth of the society and state because of incapacity of the man to meet his needs alone	Platon	Ibn Khaldûn
Organization in the ideal city	Platon	Al-Fârâbî

II

CONTRIBUTIONS AND IMPROVEMENTS OF THE IET

SCHOLARS

- I PRECURSORS (8th 9th.)
- Ibn Al-Muqaffa or how to get rich
- Abu Yousuf or « too much tax kills tax »
- Al-Jâhiz or how to keep his wealth and redisribute wealth?
- Ibn Hanbal or ideas of a theologian-lawyer
- Al-Dimashqî or the merits of trade

II ENRICHMENT AND SOCIETY (10th - 12th)

- Al-Fârâbî or solidarity and specialization in the City
- Ibn Sînâ / Avicenne or how to manage domestic life
- Miskawayh or how to find a happy medium in society
- Al-Birûni or another precursor of Malthus
- Al-Mawardi or how to support the caliphate and economic activity
- Ibn Hazm or "to each according to his work"
- Kay Kavus or advices for home economics

SCHOLARS

III PRICES THEORISTS AND PRACTITIONERS (12 th - 13 th)

- * Al-Ghazâlî or Natural Order and the economic and social order
- Al-Turtûshi or no prosperity without justice and security
- Ibn Rushd / Averroès or market economy and theology
- **The andalusian muhtasib** or market practitioners
- × Ibn Taymiya or market economy and the role of the state
- Ibn Al-Qayyim or the popularizer of Ibn Tamiyah

IV ECONOMY AND DYNAMIC of SOCIETIES (14th - 15th)

- Ibn Khaldûn or the economy, factor and product of social evolution
- Al-Tilimsani or bad money and inflation
- × Al-Maqrîzî or bad money drives out good money

Rediscovery



Adaptation



Improvement

Traduction Commentary



Islamization



Specialization, division of labor, productivity

The 3 functions of money

Fair exchange, Fair society

Identity and reciprocity in money exchange

The end of monopolistic practices

Organization in the ideal city

Etc.

Monetary nominalism

Enrichment by trade

Free prices in the market

Etc.

Public finance

Economic cycles

Money and prices

An example of the innovative contribution of the IET:

The theory of economic cycles

THE PERCEPTION OF CYCLES

Miskawayh (932-1030)

History of Buyids

- Al-Bîrûnî (973-1048/50)

"Thus, they are increasing in number, but then the ambition around the wings of anger, and envy starts to destroy the serenity of their lives"

Alberuni's India

- Al-Turtûshi (1059-1126)

"Whenever a people has managed to have all this [wealth] in abundance, based on his misfortunes" (misfortune fall on it)

Lampara de los principes

IBN KHALDÛN (1302 - 1406)

or

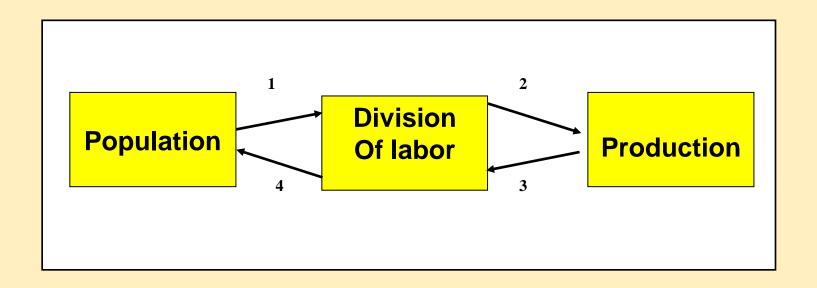
The Economy, factor and product of social evolution

Al-Muqaddima
Discours sur l'histoire universelle

- Ibn Khaldûn join together the main elements of a growth theory:
- Demographic growth
- Division of the labor
- x Technical progress
- Productivity
- Role of the state: to guaranty the personal freedom (private property, individual profits)

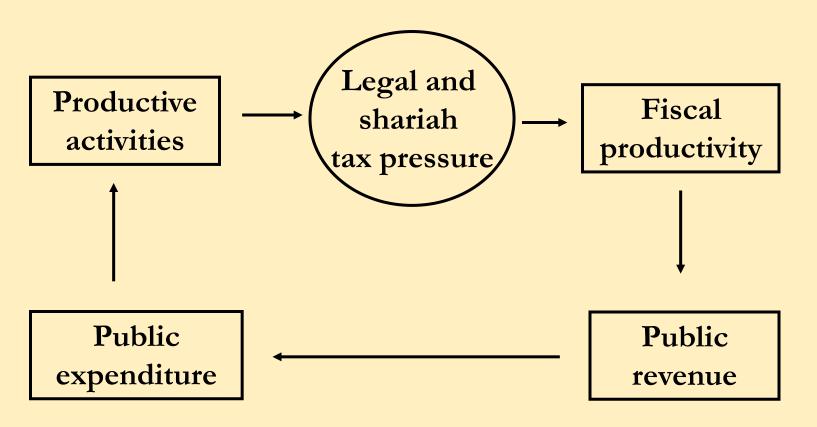
Ibn Khaldun

The cumulative process of expansion by Ibn Khaldun

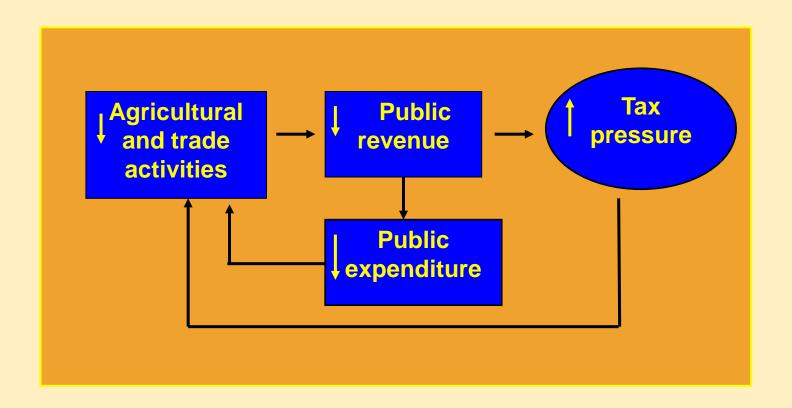


Ibn Khaldun

The phase of Economic Expansion

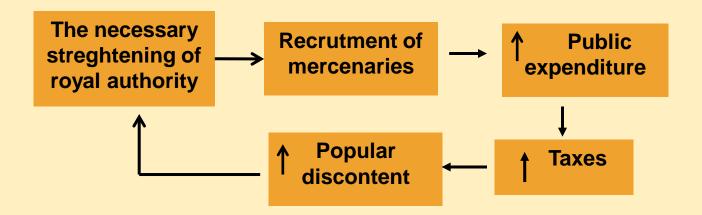


The phase of Economic Degradation



Ibn Khaldun

The Expense-Crackdown Dialectic



IBN KHALDÛN

The factors of the reversal phase:

- Unbalanced development in favor of large cities
- Relative overpopulation and epidemics in large cities
- Untoward effects of the taste for luxury increase in imitation effects increase in extravagant private and public expenditure increase in private and public deficits and debts
- Unbalanced growth between the sector of consumer goods and the sector of productive goods
- + Disintegration of public finances

→ Economic and political decay

• • • The whole integrated in a whole dynamic with dialectic character

