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**Review of Abdul Azim Islahi, History of Islamic Economic Thought: Contributions of Muslim Scholars to Economic Thought and Analysis, Edward Elgar, Cheltenham (UK), hb, 2014, ISBN 9781784711375, viii+125 pages**

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**Review of Abdul Azim Islahi, History of Islamic Economic Thought: Contributions of Muslim Scholars to Economic Thought and Analysis, Edward Elgar, Cheltenham (UK), hb, 2014, ISBN 9781784711375, viii+125 pages**

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The publisher, in association with the Islamic Economics Institute at King Abdulaziz University (Saudi Arabia), where the author holds a professorship, brings to market a timely contribution to the efforts to raise the veil of ignorance between cultures. Aimed probably exclusively at the Western audience, as similar and much more consistent studies already target the Islamic economists, this book aims, first, at placing Islamic economic thought within the 'the family tree of economics' connecting Greek ideas to classical economics to present-day mainstream economics, and, second, at drawing attention to several valuable insights underpinning Islamic economics that may enrich present economic thought, apparently of Western inspiration. In spite of terse prose, there is a wealth of references to uphold both claims, although the reading ends when one begins to wonder how the two streams of thought could actually be reconciled.

The Islamic economic thought flows naturally to the great basin of economics intellectual lineage. It takes little effort of apperception once the author's documentary work illuminates that influence. This work is brought to light in three overlapping stages of his writing: on the rise of Islamic thought, on its vital role in the rise of economic ideas up to the 15<sup>th</sup> century, and, lastly, on the contributions that make all

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this scholarship original and worthy of as much consideration as Western thought enjoys in present-day economics.

Islamic thought, which includes basic economic references to market, money, taxation, supply and demand etc., was a result of teachings of Qur'an and Sunnah, the two foundational texts of Muslim civilization. They gave rise to the formation period (632-718 CE), when scholars expanded the initiation by 'analogical reasoning' and 'fresh original thinking' through perceptions and experiences (p. 8). Scholarly interests developed within several 'schools of jurisprudence', where some of the scholars were even businessmen (p. 15ff, n. 4, 42). This environment created a 'juristic logic' applied to social patterns (p. 8) that made economic analysis resemble essentially legal inquiry. The themes of study were so both connected to the prophetic religion and comprehensive in scope, hardly ignoring any topic that would constitute 'economics' centuries later, from market and prices to fiscal and public policies to business organizations and to poverty, property and agriculture, that 'no need for foreign sources' (p. 9) was to become, for better or worse, a recognizable characteristic of Islamic scholarship. In fact, this self-sufficiency is hardly unexpected observing that quite advanced study topics such as taxation for creative culture (p. 50) or cost-benefit analysis for public projects (p. 52) had matured under its influence.

Two other periods in the growth of thought followed, namely the translation into Arabic mostly from Greek, between the fifth and eleventh centuries, and the retranslation from Arabic to Latin and European languages, between the ninth and fifteenth centuries. Translations were not a 'fascination' for all Muslim scholars (p. 10), although an important part of Islamic scholarship was devoted to a better understanding of other cultures, including Indian and Persian works. 'The science of household management' was given due attention, in addition to two other branches of Greek philosophy, ethics and politics. By the retranslation and transmission period, when Christian and Jewish scholars were taking considerable part as well, the Muslim civilization was then at its zenith. Its philosophers, physicians, scientists, and social thinkers were praised and sought after in places of highest erudition from Iraq, Syria, Egypt, Morocco, and Andalusia.

A second narrative stream underlines the role of Islamic thought in perpetuating some basic economic themes. Always careful to stress the vital character of Islamic additions

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and commentaries to the antique wisdom, the author carries out his task nevertheless with ease as a result of the sheer implications of his bibliographic evidence. Mostly suggestive, seven centuries before Adam Smith inoculated the Western mind with the celebrated 'pin factory' specialization, al-Ghazali wrote that, 'even the small needle becomes useful only after passing through hands of needle-makers about twenty-five times, each time going through a different process' (p. 31). A catalogue of words of Arabic origin like *ṣakk* (cheque), *taṭīf* (tariff), or *rizq* (risk) (p. 70) brings about the same effect.

Four areas of contributions were emphasized more or less in line with the intellectual tradition of Western civilization: (1) value, market, pricing; (2) production and distribution; (3) money and interest; and (4) state, finance, and development. The religious root of Islamic thinking has naturally had a decisive influence in interpreting the same economic facts through a different lens. The most notable is the arrangement of business transactions in a way that eliminates 'injustice and exploitation' between people. Ibn Rushd remarked: 'Justice in transactions lies in approximating equivalence' (p. 42). So, a great effort was dedicated to pondering over the minutiae of human interactions that would leave greed and envy out of economic calculations. Hence came the analysis of interest as a question of profit and loss sharing among partners, at a predetermined ratio (p. 40), or of understanding profit, usually at a rate of 5-10%, as the price paid to cover risk under normal conditions of trade (p. 32).

The writings on statecraft and rules of governance are also representative for the Islamic legacy. They were first a way of dealing with the 'anarchic people of Arabia' (pp. 50, 55), but, second, only a natural part of the effort to understand justice for people. The author cannot but point to Western thought's failure (n25, p. 59) to recognize substantial works on public finance, for example. Al-Ghazali, again, advises the rulers to obey 'the principle of certainty, benefit and ability to pay' as taxes should be demanded 'only at the proper seasons and times; [the rulers] must know the usages and fix (burdens) in accordance with capacity and ability (to pay). They must be crane-slayers, not sparrow-slayers at the hunt, that is to say, they must take nothing from the poor...' (p. 49).

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The concern with justice led, eventually, to a distinctive way of theorizing, which the author introduces in his third and final level of analysis, the unique contributions of Islamic thought. At first sight, they seem of no particular distinction: the role of state intervention, paralleling the Greek or Roman traditions of *agoranomos* or market inspector (p. 46), or condemnation of extreme luxury (p. 63). However, all the search for a role for market morals (p. 45) and justice in injustice (p. 50) finds deep philosophical roots in the Islamic preoccupation with *social cohesion*. Ibn Khaldun, probably one of its most prominent proponents, left a cyclical model of development revolving round five stages implying (1) conquest and success, (2) stability and self-exacting, (3) economic expansion and prosperity, (4) contentment and compromise, and (5) extravagance, wastage, and decadence, all originating in solidarity, group feeling and social cohesion (pp. 54-5). It is about a holistic approach to economic development (pp. 53ff) reverberating throughout all important themes of economic concern of Islamic tradition.

To his credit, the author hints, at times explicitly, at weaknesses that may have impeded Islamic economics to get deserved recognition in the works of classical economists and their followers. Muslim scholars were 'short of the terminology and the theory' (p. 27) as they were jurists; for instance, the concept of *returns to scale* was borrowed from Indian wisdom (pp. 23-4). Implicitly, the author leaves the Western-educated reader with an ambivalent regard vis-à-vis the scientific basis of all endeavours. On the principle that if religion fails, state decays (p. 48), the ultimate cause of economic facts, for example the genuine belief in market forces among Islamic scholars, is 'a matter decided from heaven' (p. 23). It is for this reason that Muslim scholars, benefiting from 'revealed knowledge' and 'divine touchstone', find themselves in 'a better position.'

Other causes of scholarly neglect were at play too, some objective, the vagaries of religious military conflicts, some subjective, as was the neglect to consider the intimate spatial connection with older civilizations and religions (Abulafia 2011: 246ff, Braudel 1987: First Part). The unfortunate result was that, irrespective of the dominant one, the Islamic legacy was neither cited, nor acknowledged in the Western tradition of economics starting with scholastics (p. 88). Doubtless, the main objective of the book, to

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make a convincing case for placing Islamic thought within 'a proper structure of economics' (p. 84), is laudably achieved.

In spite of its brevity, the book marks a due chapter in ensuring continuity in the stream of economic thought. It also renders a useful service by resurfacing old contributions, mostly published in mainstream publications (until the 1970s), that may rekindle important themes of economics reform. If there is one grand lesson of this timely book that may lie in the revelation that the educated economist should be as much conversant about Ibn Taimiyah, al-Ghazali, or Ibn Khaldun as s/he is about Aristotle, Smith, or Keynes.

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