

ECONOMIC THINKING OF ARAB MUSLIM WRITERS DURING THE NINETEENTH CENTURY

Abdul Azim Islahi



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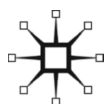
ECONOMIC THOUGHT OF IBN AL-QAYYIM

Economic Thinking of Arab Muslim Writers During the Nineteenth Century

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Foreword

The nineteenth century is distinguished from previous centuries as, during this period, the Arab world entered into the modern age. The interaction between Muslim scholars and the West increased in the fields of science, culture and politics because of increasing contact between them. In previous centuries, the so-called closure of all doors to *ijtihād* after the tenth century had a devastating effect not only on religious thinking but on intellectual growth as well. The nineteenth century saw an intellectual awakening and a spirit of fresh thinking and inquiry. Modern, European-style educational and training institutes were established for the first time. It also saw the development of many new economic institutions, never heard of before, such as insurance, banking, joint stock companies, and stock exchanges.

The modern development of the discipline of Islamic economics is a twentieth century phenomenon, although its origins go back to the basic sources of Islam. However, no effort has been made to investigate the situation that prevailed and the economic and intellectual awakening preceding the twentieth century developments. In this sense, Prof. Islahi's work, *Economic Thinking of Arab Muslim Writers During the Nineteenth Century*, is a distinct contribution to the history of economic thought. He has conducted similar studies related to earlier centuries; few scholars had trodden this path before he did. It is a matter of satisfaction for us that his research has been completed under the auspices of the Islamic Economics Research Centre, now the Islamic Economics Institute.

Prof. Islahi has selected nine distinguished personalities from various sections of society – *‘ulamā*, scholars, statesmen, and literati – from different regions of the Arab world to study what they thought about the economic issues of their time. These personalities provided the groundwork and paved the way for the scholars of the twentieth century to think about economic issues more seriously. In fact, the trend of their thinking, in general, anticipated the concerns of twentieth century Muslim scholars on economic issues. In this respect,

Prof. Islahi's findings are interesting, and his recommendations deserve consideration. The present study is, I believe, a significant addition to the existing literature on the subject.

Dr Abdullah Qurban Turkistani
Dean, Islamic Economics Institute
March 2015

Preface and Acknowledgements

The present study is a continuation of my research series on economic thought of early Muslim scholars. It investigates Muslim economic thinking in the thirteenth century hijrah corresponding to the nineteenth century CE, from the regions of Tunisia, Syria, Yemen and Egypt. This period witnessed a new intellectual and economic reawakening, and economic problems began to attract the attention of a large number of Muslim scholars and intellectuals in different parts of the world. To cover the contributions of all Muslim scholars of this period would require much more time and effort. Therefore, in the present volume, the research into Muslim economic thinking has been confined to Arab Muslim writers. I intend to cover non-Arabic speaking scholars in a separate study later.

I have tried to choose writers representing intellectuals from various specializations and from different regions of the Arab world. They are Khayr al-Din al-Tunisi and Bayram al-Khamis from Tunisia, Ibn Abidin and al-Kawakibi from Syria, al-Shawkani from Yemen, and the remaining – al-Tahtawi, Abduh, Mubarak and al-Nadim – from Egypt. Naturally, more of these scholars come from Egypt because of the development of its intellectual institutions. All were practical men, not theoreticians. Their purpose was to improve the economic conditions of their people. In this effort, they presented certain agendas for further deliberation in the coming years: for example, they emphasized a value-based system, *maṣlaḥah* or welfare function, speculative activities in the stock exchange, banking and interest, patents and copyrights, investment in governments' financial papers, and so on. Interestingly, most of these topics attracted the attention of the twentieth century Muslim *'ulamā* and scholars. I think that the present study is only a sketch of the thoughts of Arab Muslim scholars. Many of them deserve detailed and exclusive study.

I would like to express my deep gratitude to Dr Abdullah Qurban Turkistani, the dean of the Islamic Economics Institute and the three Vice Deans – Dr Yousuf Basodan, Dr Faisal Atabani

and Dr Muhammad Naseef – and to the advisor of the institute, Dr Ibrahim Aboulola, for providing me with a peaceful and congenial research environment there. I would also like to thank all my colleagues and the supporting staff at the institute who helped me in several ways during the completion of this project. I would especially like to mention Prof. Munawar Iqbal for his keen personal interest in this work, and Br. Obaidullah Abdul Ghani for his secretarial assistance in the preparation of this manuscript. Finally, I would like to acknowledge that this project was funded by the Deanship of Scientific Research (DSR), King Abdulaziz University, Jeddah, under grant no. (327–121/431). The author, therefore, acknowledges DSR's technical and financial support with thanks.

Islamic Economics Institute

The Islamic Economics Institute (IEI) – originally known as the Islamic Economics Research Center – was established in 1977 at King Abdulaziz University (KAU), Jeddah, Saudi Arabia. In 2011, it was upgraded into an institute that interactively combines research, teaching, and training in one location.

KAU, established in 1967, is a public university covering a wide range of subjects in 24 different faculties. About 75 of its teaching programs are internationally accredited. In 2013, KAU was ranked as the best university in Saudi Arabia and the 49th in Asia, according to Times Ranking.

IEI's mission is to produce knowledge and design programs for researchers and experts in the field of Islamic economics, and to observe and accommodate the contemporary needs of the society.

Researchers are the main source of IEI's successes, since its inception. The IEI is not limited to the high quality of its in-house, full-time researchers; it has been building a wide network of researchers worldwide who are specialized in different topics in the field of Islamic economics. One of IEI's researchers received the King Faisal International Prize in 1982. The IEI itself and four of its researchers have been awarded the Islamic Development Bank Prize in Islamic economics. In addition, one of its current researchers is a King Faisal International Prize laureate.

The IEI has been a research-based institution for almost four decades. At the same time, it has been involved in designing teaching curricula for different courses in the field of Islamic economics since 1985. In 2013, the IEI launched its first two-year degree in Islamic finance, the 'Executive MA in Islamic finance'.

After research and teaching, training is the third pillar of the institute. It should play an important role by bridging the gap between research and teaching, by encouraging real-life case studies. Three different international training programs have been launched and offered in Jeddah for MA students and for executives from Europe and other parts of the world.

Since 1983, the IEI has published the first journal in the field of Islamic economics, the *Journal of King Abdulaziz University – Islamic Economic*. It's a biannual peer-refereed journal. The journal is listed in two international databases: the *Journal of Economic Literature* and SCOPUS – Elsevier.

Sheikh Saleh Kamel Library specializes in the field of Islamic economics at IEI. It contains more than 33,000 titles. A special section is devoted to recent PhD and MA theses in the field of Islamic economics. Abstracts and table of contents of these theses are made available at the IEI website to encourage new research in the field.

In collaboration with Pantheon-Sorbonne University ('Paris 1'), the IEI established a Research Chair there in Ethics and Financial Norms, to allow for a deeper study of ethical principles and financial norms.

The Saudi-Spanish Centre for Islamic Economics and Finance is an academic collaboration between the Business School at IE University and IEI at KAU. The Centre is created exclusively for research, education, executive training and consultancy, and promotion of Islamic economics and finance.

1

Introduction

Ever since writing on the history of Islamic economic thought began in the last century, most authors have focused on the period between the first century hijrah/seventh century CE and the ninth AH/fifteenth CE century, with specific attention to works of writers from Tunisia, Syria, Yemen and Egypt – the focus of this book. There are several works on the economic thoughts of Muslim leaders, thinkers, and scholars from the early years of Islam, such as Umar b. al-Khattab (d. 33/644), Ali b. Abi Talib (d. 40/660), and Abu Yusuf (d. 182/798), up to the ninth/fifteenth century scholars, philosophers, and social thinkers, such as al-Ghazali (d. 505/1111), Ibn Taymiyah (d. 728/1328), Ibn Khaldun (d. 808/1406) and al-Maqrizi (d. 845/1442).² This fact is noted in the works of Siddiqi (1980), Nuqli (1998) and Islahi (1997, 2005). There has, however, been an almost complete silence about what the situation was in subsequent centuries; it is as if economic thinking had all of a sudden stopped: that there was a lacuna. My curiosity about the reality of the situation provided the impetus for investigating Islamic economic thought and Muslim economic thinking in the period after the ninth AH / fifteenth CE century. Thus, with the support of the Deanship of Scientific Research, King Abdulaziz University, my first study on the subject titled *Muslim Economic Thinking and Institutions in the 10th/16th Century* (Islahi, 2009) was published. Further, two more studies *Muslim Economic Thinking in the 11th/17th century* (Islahi, 2011a), and *Islamic Economic Thinking in the 12th AH (corresponding to 18th CE) Century with Special Reference to Shah Wali-Allah al-Dihlawi*

(Islahi, 2011b) were published. This research has shown that even after the heyday of Islam, thinking by Muslim scholars on socio-economic problems did not cease.

The present study is a continuation of this research series on Muslim economic thinking. In the thirteenth AH/nineteenth CE century, a new type of intellectual and economic awakening started, and economic problems began to attract the attention of a large number of Muslim scholars in different parts of the world. To cover each of these efforts in such a limited space is not a practical task. Therefore, research into Muslim economic thinking in this period has been divided into two parts: this book concentrates on the Arab world, whilst the one that follows will focus on the non-Arabic speaking world.

Prior to our study period, for many centuries there had been surprisingly little change in the running of the affairs of the Muslim world, whether in life pattern, economy or economic thinking. Indeed, there had been incredible conformity throughout those centuries in thought and action, economic institutions, the composition and means of production, industry, and technology. It may not even be an exaggeration to say that in the Muslim world in general, and in the Arab world in particular, if a person of the fifteenth century CE had come alive again in the early nineteenth century CE, he would have been struck by the familiarity of the prevailing conditions of agriculture, the crops grown and their methods of cultivation, industry and the techniques used therein, commerce and the forms of contract and credit practices. Changes thereafter, however, took place very rapidly; there was little or no comparison between the early years of the nineteenth century and the closing years. Indeed, it was during this period that the Arab world entered into the modern age, when modern, European-type educational and training institutes were established for the first time. It also saw the development of many new economic institutions, never heard of before, such as insurance, banking, joint stock companies, stock exchanges, and so on. This was also the occasion of the Arab masses' first public exposure to European thought and modes of practice, which made them realize just how laggard they had become. There are grains of truth in Sharabi (1970, p. 2) when he says, 'The rise of the intellectuals and the elaboration of ideological functions must be seen as a manifestation of the forces of

education and enlightenment brought about by increasing contact with Europe'.

It is commonly said that history repeats itself. Indeed, but not exactly. Times, players and even lands had changed. In the pre-modern period, crusades provided an opportunity for the West to see the economic and cultural development of the Muslim East. Heaton considers these 'as a heaven-sent opportunity' (1948, p. 152), 'and since the Asiatic and 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' (ibid., p. 76). In the modern period, Arab lands once again saw the European onslaught, but irrespective of their balance sheet of loss and gain, this time, at least, they learnt some economic lessons.

Those Arabs who visited Europe and saw Western society and development firsthand as well as the differences between Western and Eastern societies were very much impressed. They realized that the East could not develop unless it adopted the West's political and economic systems (Saba Yared, 1979, p. 27).

We start our study, then, with two scholars – al-Shawkani and Ibn Abidin – who had purely traditional training. They did not come into contact with the West, directly or indirectly. However, they do present a useful contrast, almost of opposites. While al-Shawkani called for fresh and independent decision-making (*ijtihad*), Ibn Abidin insisted on strict imitation (*taqlid*). On economic issues, though, they have similar opinions: for example, the former permitted *bay' al-rajā'* and the latter *bay' al-wafā'* as ways to ease financial difficulties.

Next, we selected two more scholars from the '*ulamā'* community – Rifā'ah al-Tahtawi and Muhammad Abduh – who graduated from the famous seat of Shariah studies, Jāmi' al-Azhar. They both spent some time in Western countries and directly or indirectly studied Western thought and institutions, all of which are reflected in their economic ideas: for instance, al-Tahtawi's emphasis on the significance of industry, which he calls *al-manāfi' al-'umūmīyah*, his discussion of productive and unproductive labour, foreign trade, and competition, and so on, and Abduh's study on poverty, the abolition of bonded labour, the need for relevant education, and the lack of effective demand, and so on.

Next, we selected two statesmen – Khayr al-Din al-Tunisi and Muhammad Bayram al-Khamis – from Tunisia, which was facing political and financial situations similar to those in Egypt.³ While the former was more of an administrator than a scholar, the latter was just the opposite. However, they worked together, supplementing and complementing each other. Both were influenced by the scientific, intellectual and socioeconomic development of the West, and both were distressed by the backward economy and undeveloped educational and political institutions pertaining in Tunisia. They were practical men, not theoreticians: through their economic ideas, they aimed to reform the socioeconomic condition of the country and its people.

Finally, we took three personalities from two important fields: literature and journalism. Initially, we had only two names – ‘Abd-Allāh al-Nadim and ‘Abd al-Raḥmān al-Kawakibi. During our research, however, we noticed that there was one more person who deserved to be included in our study – namely, Ali Mubarak – who has many important economic ideas to offer. This group mainly used their fictional works of short stories and novels to teach their readers the importance of economic and political reform without annoying anyone. Each of them addressed similar issues: elimination of poverty, agricultural reform, defence of labourers’ rights, protection from usurers, and economic development as a whole.

A view of the list of scholars included in this study and their different areas of activities shows that economic issues had become the common concern of nineteenth century ‘*ulamā*’ (religious sages), scholars, statesmen and literati. This was a new phenomenon, not seen in previous centuries. The personalities covered in this study were not professional economists. In fact, until the end of the nineteenth century, economics had not developed as a subject of study in the Arab world, although some efforts were made during the last decades of the century to translate or produce works on the subject. Towards this effort, Arab Christians, given their deep connections with the West, were the first to take steps towards this endeavour. In spite of coming from different regions of the Arab world and having different areas of interest, they discussed many common issues, as well as their own specific issues. In most cases, they strived to educate their people, explain the new economic institutions to them and create economic awareness so that they could change their economic

conditions and life patterns. They did the groundwork for the future generation to think about the economic problems in their own environment and according to their own values and beliefs.

It may be noted that a proper understanding and appreciation of the economic ideas of any people depends on having knowledge of the region and environment in which they lived. To provide such a background, this study first starts with an overview of the nineteenth century Arab World in which we have surveyed the sociopolitical, intellectual and economic conditions. As many studies are already available on this subject, we would like to note that in general, in this chapter, need not to go to primary sources, but have instead benefited from the works already available on this subject. This is also not the theme of this study. The aim of the second chapter is to provide background knowledge for which these available sources suffice. For the remaining chapters, however, we have made an effort to go to the original Arabic sources.

We would like to state here that the present study has certain limitations. Imagine the difficulty of covering the span of an entire century in limited time and space. To solve this problem, we have divided our study on nineteenth century Muslim economic thinking into two parts, making this first part specific to the Arab world. However we find that there are certain Arab scholars who could not be covered in this study. Hence, we have briefly included some representative personalities only in this work. Even then it has not been possible to go deeply into every work by these scholars. What we present here is only a sketch of the economic thinking of the nineteenth century Arab world. Our efforts are not a substitute for a detailed study of the subject. Indeed, there is also a need to study the economic ideas of some of these individuals separately.

2

The Nineteenth Century Arab World: An Overview

2.1 The Arab world in international politics

The end of the eighteenth and the beginning of the nineteenth centuries CE commenced with Bonaparte's occupation of Egypt in 1798. Although the French were later forced to withdraw as a result of British intervention in 1801, the occupation's impact on Muslim society and culture was nonetheless far-reaching. It showed, for example, that the Ottomans alone were incapable of defending their Arab components. Naturally, this led, in turn, to a diminution of the Ottomans' influence in the region. On two occasions, in 1832 and in 1839, Ottoman forces were even defeated in battle by the Egyptians, the latter even penetrating deeply into Anatolia. European powers, however, saved the sultan and forced an Egyptian retreat. However, from 1789 to 1909, the Ottoman throne saw six sultans,¹ each of whom initiated various reforms to arrest the decaying power and prestige of their empire – once the world's only superpower.

2.1.1 End of the first Saudi state

In the early part of the nineteenth century, the *imām* (head) of the first Saudi state² established his custody of the two holy places of Islam, Makkah and Madinah. Fearing that this young Islamic state might gain the central position in the world of Islam, Muhammad Ali,³ who had been appointed Pāshā⁴ of Egypt in 1805, crushed this expanding power at the behest of the Ottoman sultan. In this way,