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Islahi, Abdul Azim

Islamic Economics Research Center, KAU, Jeddah, KSA

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Mercantilism and the Muslim States: Lessons from the History

Abdul Azim Islahi[*]

Abstract. Mercantilism was the dominant current of economic thinking and practice during the 16th, 17th, and 18th centuries till the emergence of physiocracy. The scientific discoveries in Europe helped the development of mercantilism in many ways. Discovery of new world provided them with new market and a new all water route of European trade through the Cape of the Good Hope. On all these fronts the Muslim states lagged behind. Their absence from this front left the merchant-patronizing governments free to impoverish a larger part of the world by establishing colonies and exploiting them to their own benefit. The development of mercantilism marked the shift of paradigm. It ignored ethical considerations and destroyed moral values that had been hitherto inseparable part of economic thinking and practices.

Introduction

Mercantilism refers to economic system of the major trading nations during the 16th, 17th, and 18th centuries.¹ It spread simultaneously over the major European countries. The present paper aims to investigate the causes that helped the growth of mercantilism in Western countries and the reason why it failed to develop in eastern part of the world which was ruled by three most powerful Muslim governments of the time. To begin with, the paper briefly introduces the basic ideas of mercantilism. It also sheds light on Kārimī² merchants who might be considered Muslim forerunners³ of mercantilism but they disappeared from the scene before they could face challenges and threats of European mercantilism. The paper ends with a brief note on the losses inflicted in theory and practice as a result of unhindered development of Western amoral and exploitative mercantilism.

Essence of Mercantilism

Mercantilism was based on the premise that national wealth and power were best served by increasing exports and collecting bullion (precious metals) in return. In part, this focus on reserves of gold and silver was because of their importance during times of war. Armies, which often included mercenaries, were paid in bullion, and navies were funded by gold and silver. The complicated system of international alliances of the period also often required large payments from one state to another. Besides bullion, raw materials for domestic manufacturers were also sought, and duties were levied on the importation of such goods in order to provide revenue for the government. The state exercised much control over economic life, chiefly through corporations and trading companies. Production was carefully regulated with the object of securing goods of high quality and low cost, thus enabling the nation to hold its place in foreign markets. Treaties were made to obtain exclusive trading privileges. 'To promote their business interest, mercantilists believed in free trade within a country; that is, they were opposed to internal taxes, tolls, and other restrictions on the movement of goods. However, they did not favor free internal trade in the sense of allowing anybody to engage in whatever trade he wished. On the contrary, mercantilists preferred monopoly grants and exclusive trading privileges whenever they could acquire them' (Oser and Blanchfield, 1975, p. 10). Apart from war with other countries, strong national governments were also necessary to achieve other goals such as, nationalism, protectionism, colonialism, and internal trade unhampered by tolls and excessive taxes (ibid. p. 11).

Under mercantilism it was believed that the economic health of a nation could be measured by the amount of precious metal, gold, or silver, which it possessed. Precious metals were considered as the source of prosperity, prestige, and strength. Bullionism required a favorable balance of trade. That is, for a nation to have gold on hand at the end of the year, it must export more than it imports.

'Mercantilist doctrine taught that export was the only desirable economic transaction and goods were exported to enemy countries even in war time' (Heckscher, 2: 42).⁴ Each nation tried to achieve economic self-sufficiency. Agriculture should be carefully encouraged. Domestic production not only precluded imports of food, but farmers also provided a base for taxation. Regulated commerce could produce a favorable balance of trade. In general, tariffs should be high on imported manufactured goods and low on imported raw material. Sea power was necessary to control foreign markets. A powerful merchant fleet would preclude the necessity of using the ships of another nation and becoming dependent on foreign assistance.

Mercantilism spread simultaneously over the major European countries

Mercantilism spread at the same time in many European countries, England, France, Italy, Spain, Germany, etc. The famous writers or practitioners who advocated or promoted mercantilism are: Thomas Mun (1571-1641), Gerald de Malynes (1586-1641), Edward Messelden (1608-1654), Dudley North (1641-1691), Josiah Child (1630-1699), William Petty (1623-1687) and John Locke (1632-1704) in England and Ireland; Antoine de Montchretien (1576-1621) and Jean Baptiste Colbert (1619-1683) in France; Antonio Serra (1580-1650) in Italy; and Ludwig Von Seckendorf (1626-1692) and Johann Joachim Becher (1625-1685) in Germany. Mercantilism caused a spur in the development of Europe in general and particularly 'the Portuguese, Spanish, Dutch, English and later also the French economies, underwent a growth shock. They benefited from internal and external economies by the ensuing scale effects' (Baeck, 1994, p. 192). These European countries took over the torch of development, 'the centre of the European world was displaced from the Mediterranean and moved to the Atlantic. In economic and political terms this Atlantic world took over the hegemony and would keep it 'for a long time' (Ibid. p. 205).

Muslims and Mercantilism

Mercantilism remained confined among the European nations, and not a single country from the Muslim East could adopt the system or contend them. Ottomans being the strongest of all the sixteenth-century governments and being not only neighbor of the Western countries but also occupying a very large part of their territories, it was expected that they would have proved a successful rival in mercantilism or develop it among their own subjects without its negative elements. But that also did not happen. Thus, it would be interesting to compare between Christian West and Muslim East on the subject of mercantilism and try to find out answer to the question what factors helped in development of merchant system among the former and why it could not flourish among the latter.

Commerce has been religiously and conventionally a preferred occupation among Muslims. But it is astonishing to note that there was hardly any move on the part of Muslim world to encounter European mercantilists with matching force and strategic planning. We find a limited parallel in Kārimī merchants who dominated the maritime trade at times when mercantilism was yet to begin. They disappeared from the scene before the rise of Western mercantilism. It would be worthwhile to shed a little light on their rise and fall.

Rise and Fall of Kārimī⁵ Merchants

Based in Egypt, the Kārimī merchants mainly operated in the Red Sea and the Indian Ocean. There are differences of opinions regarding etymology of the word. It is said that they were called Kārimī because they originally belonged to a place in Western Sudan called Kānim which was altered into Karim. It is also said that the word is 'an Amharic origin, deriving it from the word kuararima, a spice imported into Ethiopia by the Kārimī' (Labib, 1990, 4: 640). Their history is traced back to the period of Fatimid caliphs (297-567/909-1171). For Salah al-Din al-Ayyubi (d.

532/1137) Kārimī merchants were a big asset as they helped him by paying heavy taxes and lending him large amounts. The policy of Mamluk rulers of Egypt towards Kārimī merchants was not always uniform and consistent. It varied according to the existing political and economic condition faced by a sultan. However, by and large, during the first Mamluk period (1250-1382) they enjoyed goodwill and protection of the rulers and expanded their capital and areas of operations. In addition to Mamluk sultans, their borrowers included rulers of Yemen and Mali. 'The activities of the Kārimī merchants reached from the Maghrib to China. Some were as powerful and rich as 'kings', with their own armed caravans, and with guards, commissioners, partners, slaves and servants' (Labib, 1990, 4: 641). Al-Maqrizi (1971, 3:1116) writes that in the year 806/1404 news came that some European ships have arrived to Alexandria, so Burhan al-Din Ibrahim, the chief of Kārimī traders was deputed to deal with them.

During the 9th/15th century decadence of Kārimī merchants set in when the Mamluk Sultan Barsbay (d. 842/1438) monopolized the pepper and spice trade, the main trading commodities of the area.⁶ Deteriorating political and economic conditions and increasing taxation were some other causes that badly affected not only Kārimī traders but the merchant class as a whole. Ibn Iyas (1960, vol. 4, p. 443) reports that whenever a merchant grew very big, he was suppressed at various pretexts. Whenever the Treasury lacked sufficient fund to meet expenditure, traders were taxed. Thus, they faced a lot of trouble. Very frequently the imported slaves (*janissaries*) looted and misbehaved the traders. If they complained, the Sultan took no action. Rather the traders themselves were rebuked (*ibid.* p. 446). They lost their interest in domestic as well as in maritime trade and changed their jobs. The termination of the fifteenth century also brought an end to the Kārimī merchants. In the sixteenth century sources they got hardly any mention.

Contrary to mercantilists, the Kārimī merchants were not writers. We are not aware of any written work by them. At practical level also they had not tried to forge unity in various Muslim rulers against crusaders. Nor did they have colonizing objectives. The initial researches done on Kārimī merchants do not show that they had distinct thought over different actors of the economy – population, labors, money, rent, balance of trade, etc. Kārimī merchants were not full replica of mercantilists but their long history shows that they would have matched their Western counterparts had they survived the fifteenth century disturbances and had they seen light in the sixteenth century.

Mercantilists carried foreign trade with religious zeal

Historians of economic thought have explored the factors that helped development of mercantilism. It started with religious zeal, missionary spirit and crusading objectives (Kirk, 1964, pp. 63-64; Heaton, 1948, p. 241; Lewis, 1976, p. 203; 1982, pp. 33-34), though later it transformed into an economic movement.⁷ It was the religious objective and missionary zeal that provided support for the growth of mercantile activities in Europe. Otherwise, 'Medieval philosophy conventionally identified the merchant with the sin of covetousness; even the pure act of trading, *negotium*, was considered essentially vicious' (Letwin, 1963, p. 87). 'Commerce for religious cause' was the justification for engagement in foreign trade. Its pioneer practitioners started the search of bullion through foreign trade with *religious zeal*. 'Gold, said Columbus, 'is a wonderful thing! Whoever possesses it is master of everything he desires. With gold, one can even get souls into paradise' (Roll, 1974, p. 65). Columbus and Vasco de Gama were engaged in exploration to recover Holy Lands and preach Christianity (Hamdani, 1994, pp. 281, 285; Heaton, 1968, p. 238; Morison, 1963, p. 139). Stripling is right when he declares that, 'The war of the Portuguese against the *Mamluks* has sometimes been regarded as merely a continuation of the crusade and only secondarily a trade war' (Stripling, 1977, p. 35).⁸

According to Moreland (1974, p. 25), by adopting the sea route through the Cape of Good Hope the Portuguese did not only aim at enriching themselves and striking 'a heavy blow at the prosperity of Moslem States, which were still regarded as the enemy of the Christendom, but at the

same time they hoped to secure a position whence the Christian religion could be propagated, and thus their enterprise was at once commercial and missionary in its nature'.⁹ As far Muslims are concerned, it may be argued that from the religious point of view, engagement in foreign trade of European level was socially obligatory duty (*fard kifayah*) on the part of Muslim government, but they did not realize it. After defeating their enemies, the Ottoman Turks, Safawid Iranians and Timurid Mughals established very strong governments in the East. They did not appreciate that the greatest battle field is normal daily life in which a nation has to be alert and make continuous struggle to improve its people's moral and morale, education and training, economic development, acquisition of latest war techniques and finally, to use modern terminology, make arrangement for research and development and struggle for sustainable growth. This is what the nations of the Muslim states could not take in while their rival Western nations did.

No doubt trade has been a very noble occupation in Islam, and in every period Muslims have been engaged in this business. But it never occupied that importance and sanctity as crusaders awarded it in early sixteenth century. There have been clashes between Christian and Muslim traders but all these trade wars were fought in waters surrounding Muslim countries. Muslims fought defensive wars only. Maritime trade being a risky venture was generally discouraged by Muslim jurists.¹⁰

Decline of feudalism in Europe and the rise of nation-state

An important economic factor that paved the way for the development of mercantilism was the decline of feudalism in Europe, while rise and growth of nation-states provided a strong impetus to a greater concern for wealth and a quickening of economic activity (Eric Roll, 1974, pp. 54-55; Oser and Blanchfield, 1975, p. 8). On the contrary Ottoman thinkers advocated adherence to old system and argued for the revival of *timar* (a kind of fief). In that context Defterdar (1935, p. 143) says: "The ancient law must be respected". Some other Ottoman thinkers, like Hasan Kafi and Mustafa Kocu Bey also observed that 'the root of Ottoman weakness' lies in the 'disorganization of the *timars*' (Karpat, 1974, p. 89).

Strengthening the Central Government through Precious Metals

Mercantilism regarded bullion as money. They emphasized foreign trade as the source to obtain it because every country did not have gold and silver mines. Rise and growth of nation-states necessitated strengthening the central government through stock of gold and silver (Roll, 1974, pp. 54; Oser and Blanchfield, 1975, p. 8). Muslim states of the period - Ottoman, Safawid and Mughal - already had well-established nation-states with their traditional supporting revenue resource, so they did not care much to increase this stock through foreign trade. They missed the point that in the changing world, the governments having foreign trading companies would dominate the scene.

The discovery of gold and silver mines in America and other colonies that resulted influx of precious metal into Europe led to the large expansion in the currency and credit structure and facilitated foreign trade. Muslim East not only did not have any such advantage, their own stock of precious metals drained out by European foreign trade. In addition to influx of precious metals, the development of banking and credit facilities in European countries also boosted trading activities. In Islamic system participatory financing (*musharakah* and *mudarabah*) existed since very beginning but it was shy of supporting maritime trade. Sources do not report its use for maritime trade during medieval period.¹¹ Frequent changes in monetary units and debasement of currency causing depreciation of the value of money was also one of the phenomena of declining foreign trade and the falling income from it (Stripling, 1977, pp. 15-16)

Muslim East lacked Surplus products for trading purposes

The scientific discoveries in Europe helped the development of mercantilism in many ways. Rapid increase in production and availability of surplus product for trading purpose was the most important benefit of scientific discoveries, use of machines, and changes in production techniques. 'A surplus of exports from a country was necessary if payments were to be received in hard money' (Oser and Blanchfield, 1975, p. 9). Appleby reports: 'By the beginning of the seventeenth century, however, a significant number of landlords and husbandmen had begun changing their ways of farming, greatly enhancing England's agricultural productivity (Appleby, 1978, p. 54). 'The well-established European market in foodstuffs had created an incentive for the adoption of new techniques. The encoding, ditching, draining, irrigating, rotating, and planting of new crops, which contemporaries lumped together as 'improvements' (ibid. p. 55). Such improvements are not reported in Ottoman economy. It is said that Muslim countries lacked surplus production to carry a large scale foreign trade (Cahen, 1970, p. 35). Surprisingly, sometimes they discouraged surplus produce. Here is an example. In Aleppo, during the late seventeenth century increased production of *atlas* cloth led to a fall in imports from Europe. Instead of being pleased as any European mercantilist would have been, the Ottoman officials were alarmed. This is because the fall in the imports meant a reduction in import duties. To make up for the loss of revenue, these officials imposed an internal tariff of 3% to 5% on all such cloth produced in the city. In short, the local industries were punished for increasing their production and causing a fall in the imports (Masters, 1988: 198, cited by Çizakça, 2000, p. 17). According to Çizakça, 'these differing attitudes towards craft production, constitutes one of the sharpest contrasts between European mercantilism and the Ottoman doctrine. As it is well known, European governments directly encouraged and protected their infant industries by imposing high tariffs on imports. In this way, the Ottoman and Indian clothes were subjected to high customs duties and thus their competitiveness was hindered in the English and Dutch markets, while the nascent industries of London and Leiden were given a boost. By contrast, the Ottoman state did not hesitate to punish its own producers, with fiscalist considerations, because they were (successfully) reducing the imports' (Çizakça, 2000, pp. 17-18).

Maritime Explorations – discovery of new trade routes and vast markets

Another important factor in growth of mercantilism in Europe was maritime explorations. Adventurous navigators opened up new trade routes that decreased the cost of transportation (Roll, 1974, pp. 54; Oser and Blanchfield, 1975, p. 8). Discovery of new world provided them with new market, and a new all water route of European trade through the Cape of the Good Hope which proved a blow to Mediterranean trade dominated by Muslim traders. In the opinion of Glamann (1977, p. 429): The development of sea-route in the sixteenth century is considered most remarkable and revolutionary which established for the first time an international trade of regular character.

The Portuguese reached India in 1498 through the Cape of Good Hope and within a decade they monopolized all the sea trade from India. The new all water route saved much of the expense which the routes through Arab land entailed, such as loading and unloading at various places and payment of custom duties at each point. These cost savings put the Portuguese traders at advantageous position over those coming through the difficult and expensive trade routes of the Levant and it became difficult for Muslim traders to compete Portuguese in European markets. In addition, the latter imposed trade blockade in Arabian Sea to prevent merchandise from reaching Arab land, though it never fully succeeded. It was not only trade rivalry that created feeling of hatred and enmity between the two nations. There were many historical factors also behind it. Portuguese were proceeding with crusading spirit and objectives. To compensate fall of income various kind of taxes were imposed that had further deteriorating effect. Stripling observes: "The Turks entered the Arab lands when a great economic change was taking place. The shifting of the route from India around the Cape of Good Hope had removed the foundation of Arab prosperity.

The discovery of America, with its mines of gold, its raw products, and above all its capacity for creating other products and ultimately consuming European wares, gradually so withdrew the trade route from the Mediterranean that the Levant became an economically unimportant district indeed, in comparison with the lands facing the new markets (Stripling, 1977, p. 104).

Ship-building industry

Maritime explorations are based on ship building industry. An absence of it would prove a big hindrance in the way of explorations. At one time Muslim navigators dominated the sea, but coming to the sixteenth century the ship building industry of Muslim states could not match their Western rivals. Whatever navy force Ottomans had, they used it for war purposes. There is no doubt they fought great wars on waters too. But they could not spare their ships for navigations and explorations. They established strong governments but their rule was confirmed on the land only. The water was dominated by mercantile companies, Portuguese, Spanish, Dutch, French and English. As Lewis puts it, 'The Ottoman naval expeditions to the Indian Ocean in the sixteenth century failed against the superior ships and armament of the Portuguese' (Lewis, 1982, p. 38). According to Lewis (1968, 24), "In Eastern waters they (Ottomans) encountered the stout ships of the Portuguese, whose shipbuilders and navigators, trained to meet the challenge of the Atlantic, were more than a match for the calm-water ships of the Ottomans. Stouter vessels, more guns, better seamanship were what defeated the successive attempts of the Ottomans to break out of the ring, and swept Muslim shipping from the waters of the Indian Ocean".

The Ottomans were handicapped by non-availability of the sufficient material for ship building for trading purposes. Later about the year 1586, they made serious attempt to procure timber and other material from the nearby East Africa and the farthest Pegu and Sumatra. But by that time Portuguese became so strong that they did not allow Ottoman design to succeed. In the opinion of Moreland (1974, p. 169), 'the history of India might have been materially different had the Turks been able to build a fleet sufficiently powerful to ensure the success of their ambitions'.

Ottoman intellectuals admit the European supremacy of naval forces. Lutfi Pasha, writing after 1541, foresaw the danger to Turkey of the growing naval power of Europe. He quotes with approval a remark by Kemal-pashazade (d. 1533-4) to Selim I: 'My Lord, you dwell in a city whose benefactor is the sea. If the sea is not safe, no ship will come, and if no ship comes Istanbul perishes'. He himself said to Sultan Suleyman: 'Under the previous Sultans there were many who ruled the land, but few ruled the sea. In the conduct of naval warfare the infidels are ahead of us. We must overcome them' (Lutfi Pasha, *Asafname*, ed. and tr. R. Tschudi (1910), text 32-33, trans. 26-27, quoted by Lewis, 1968, p.25n).

'By 1625 another Ottoman observer, a certain Omer Talib, could see the danger in a more pressing form:¹²

"Now the Europeans have learned to know the whole world; they send their ships everywhere and seize important ports. Formerly, the goods of India, Sind and China used to come to Suez, and were distributed by Muslims to all the world. But now these goods are carried on Portuguese, Dutch, and English ships to Frangistan, and are spread over the world from there. What they do not need themselves they bring to Istanbul and other Islamic lands, and sell it for five times the price, thus earning much money. For this reason gold and silver are becoming scarce in the lands of Islam. The Ottoman Empire must seize the shores of Yemen and the trade passing that way; otherwise before very long, the European will rule over the lands of Islam"

It may be noted that the India rulers had all necessary material for ship building industry but they lacked latest ship building technique that could match the Western navigators.

Capitulation for Westerners but nothing for its own citizens.

Not only on water, the Western governments obtained capitulation¹³ and thus enjoyed special economic and social rights in Muslim states. We could not find any example that Muslim states had secured such a capitulation within European countries where Muslim traders could enjoy similar rights. No Muslim state realized that these capitulations might be misused for political manipulations or even colonization of their lands and enslaving the natives.¹⁴

Encouragement of Foreign Trade

Western governments encouraged foreign trade, provided it protection, granted monopolies to the native trading companies and supported them with a number of legislations. Protection provided by the government to industry and foreign trade and capitulation obtained in Muslim governments proved a strong support to mercantilism. On the contrary, some of the Muslim rulers engaged in trading or monopolized it for their selfish gain that had discouraging effect on common traders as we have seen above in section on 'Rise and Fall of Kārimī Merchants'. That is the reason that Muslim scholars always opposed trading by the ruler.¹⁵

While the main concern of major European countries was 'how to acquire the largest share of what was commonly seen as a more or less fixed volume of international trade and how to obtain a favorable balance of trade and a net import of bullions and precious metals', Muslim Governments were content with the war booty, tributes, government domain and taxes.

Printing Press

A number of artists, philosophers, scientists and social thinkers played significant role in transmitting the new learning about the economic world in which the invention of printing press helped considerably. Eric Roll (1974, p. 55) observes that 'the invention of printing created new possibilities of intellectual intercourse'. In London, 'Pamphlets and books streamed from the city's presses, in runs between 500 and 2000. A dozen titles appeared in the 1620s; by the 1670s hundreds were published each decade'; ...'there grew up a new kind of forum where the absence of the immediate presence of speaker or listener made possible a freer, more impersonal kind of exchange' (Appleby, 1978, pp. 4-5). It may be noted that the printing press in Muslim world was popularized only in 18th century, about three hundred years after its invention in Europe (Gibb and Bowen 1:2 p.153). It were Spanish Jewish refugees who first brought with them printing technique from Europe by the end of fifteenth century. They were allowed to print their religious books. It was prohibited to publish any Turkish or Arabic books. Later Armenians and Greeks also established printing press to publish their religious scriptures. The Muslim scholars and students *copied* the voluminous works of their predecessors. Sometimes the same work was copied many times to prepare more copies – a very tedious job indeed (al-Muhibbi, 3:160). For example, Mulla Muhammad al-Akhlaqi of Damascus (d. 1021 / 1612) copied *Kitab Akhlaq-i `Ala'i* forty times. Hence, he was called al-Akhlaqi. The book is in three languages: Arabic, Persian and Turkish (ibid. 4:294). It took almost two and half a century to allow the use of printing press for Muslims. When it was established by 1727, only non-religious material was allowed to print. Press was forcibly closed in 1742 only to reopen in 1784, after which it spread everywhere in Ottoman territories. In the first round only seventeen books could be printed on the subjects of history, geography and language (Lewis, 1982, p. 50). Opposition to printing narrowed, if not closed, the doors of scientific institutions and slowed the intellectual development of Muslim mind.

Renaissance in Europe and imitation in the East

The last but not the least is Renaissance in Europe which provided the motive force to mercantilism. In Europe the sixteenth century marked the 'first phase' of early modern era. It was a time when renaissance was already in full swing and social reform, scientific inquiry and economic thinking and institutions were taking new shapes. This situation brought both challenges and opportunities to Muslim world. However, the balance of economic potential and technological scope moved progressively in Europe's favor.

Confronted first with the great florescence of the Renaissance in Italy just across the Adriatic, but especially later with the transformations of the Technical Age in the Occident generally, as Hodgson (1974, 3: 120) observes: 'It seems to be true that the Ottomans, for all their proximity, showed no more alertness to what was happening in the Occident, and possibly even less, than the Timuris of India'. Some of the reasons for this apathy may be the rigid imitation (*taqlid*), sense of superiority complex, and hatred to everything that was coming from the West. Such a phenomenon is still not rare among the traditionally trained students in the present day situation. Little attention was paid to the development of natural sciences.

There is a growing admission of European renaissance's indebtedness to Muslim intellectual heritage.¹⁶ Renaissance was speeded up by the translation of Arabic sciences to European languages. We have reports regarding translation activities from Arabic to Greek by the end of 4th century Hijrah in the Byzantine capital Constantinople¹⁷ (Sezgin, 1984, p. 119). With the passage of time, volume of retranslation work considerably increased. Hence the period before Western renaissance is termed as the 'translation age' (Myers, 1964, p. 78). According to Sharif, Muslim philosophy has influenced Medieval Europe in the following ways: It initiated humanistic movement, introduced the historical sciences and the scientific methods, helped the Western scholastics in harmonizing philosophy with faith, stimulated Western mysticism, laid the foundation of the Italian Renaissance and to a degree molded the modern European thought down to the time of Immanuel Kant in certain directions even later (Sharif, 1966, 2: 1349).

In his foreword of a recently published work Lowry observes, "The torchbearer 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. What has been generally ignored, however, is the character and sophistication of Arabic writings on economic subjects" (Ghazanfar, 2003, p.xi).

Bibbs (1999) gives details of the huge contribution of Islamic civilization to the Later European renaissance. He holds that the massive contribution of medieval Islamic learning bears directly upon the history of western science, as upon the Renaissance itself. Islamic learning in the middle ages was so far in advance of the European traditions that the usage of Islamic knowledge by Europe cannot be seen as other than a wholesale adoption of an entire foundation of knowledge upon which the Later Renaissance was constructed.

It is pity that after sparking renaissance to Europe, Muslim *ummah* set in decline, and the period of European renaissance was matched by a period of rigidity and imitation on the part of Muslim world.

Concluding Remarks

The scientific discoveries in Europe like compass, fifth wheel, printing press etc. and revolution in the methods of farming helped the development of mercantilism in Europe in many ways. Discovery of new world provided them with new market, and a new all water cheaper route of European trade through the Cape of the Good Hope proved a blow to Mediterranean trade dominated by Muslim traders. As a result of mercantilism Portugal, the Netherlands, France, and England all grew rich from trade with the Indies. They grew so wealthy that they began to outstrip Muslim governments, which at the beginning of the sixteenth century seems to have surpassed

Europe in wealth and culture.

Muslim East and Christian West had always been rival (in spite of the evidences of certain give and take) in intellectual and political spheres. But scientific and intellectual decay that started in previous centuries could not be recovered in the sixteenth century and for that matter until the present age.

The heyday of Ottoman political power was the last chance to turn the course of history through paying attention to scientific research, intellectual uplift and modernization of economy as Europeans were doing. But they lost this opportunity and lagged behind. Not only Ottomans, the conditions of other great Muslim states – the Iranian Safawids and the Indian Mughals – were also not different. Their absence from this front left the mercantilism patronizing governments free to impoverish a larger part of the world by establishing colonies and exploiting them to their own benefit. Muslim governments accepted, tacitly or explicitly European rule on water and remained satisfied with their sovereignty on land. Rather they awarded the European traders capitulations in their own territories but never exacted such rights in European countries for their own subjects.

Mercantilism being amoral and exploitative system (Heckscher, 1955, 2:285), the greatest loss of humanity was destruction of moral values that had been hitherto inseparable part of economic thinking and practices. The development of mercantilism marked the shift of paradigm. The evacuation of ethical principles and the differentiation of things economic from their normative context, truly distinguishes mercantilist writings from their predecessors. Up to the early modern age economics was governed by religion and ethics. But now paradigm shifted to strengthening state and economy at all costs.

Endnotes

1. Mercantilism was the dominant current of economic thought during the 16th, 17th, and first half of 18th century. But there is no agreement of opinions about the date of its beginning. To some writers it started in early sixteenth century, some others date it still earlier (Whittaker, 1960, p. 31).
2. Kārimī is pronounced like Darimī or *Khariji*.
3. This similarity is only in pursuing the large scale international trade. In their conducts and aims and objectives, Kārimīs have nothing to do with mercantilists.
4. It is interesting to note that such instances were seen in the present age also when to run the war industry of the country, weapons were clandestinely sold to enemy country.
5. For etymology refer to *Encyclopaedia of Islam*, 4: 640.
6. Long ago Ibn Khaldun (1967, 2:89) condemned the trading practices of rulers because adverse effect on common merchants. A sixteenth century observer also said, "When kings engage in trading, the commoners die" (al-Jaziri, n.d., pp. 975, 1081).
7. Elsewhere we have discussed that the emergence of Mercantilism was a reaction against Muslim power (Islahi, 2008, pp. 175-150)
8. Perhaps Montgomery Watt also realizes this when he says, "When the advancement to Jerusalem through the Mediterranean or eastern Europe was proved to be impracticable, a few men began to wonder if the Saracens (Muslims) could be attacked in the rear. ...Certainly some of those who sponsored or participated in the exploring expeditions regarded these as Crusading enterprise, and the members of the expeditions bore the Crusaders' cross" (Watt, 1972, p. 57).
9. Stripling (1977, p. 15) observes: 'Until the early sixteenth century the foundation of Arab prosperity was the trade from India to Europe which passed mostly through their lands and yielded to the Mamluk Empire, including Egypt, Syria and the Hijaz, much revenue from customs duties alone. But by the

early years of the sixteenth century the trade route to India had shifted away from the Arab lands to Portugal, via the Cape of Good Hope'. This had not only affected the rulers but various sections of the society who were directly or indirectly related to that trade such as merchants, their supporting staffs on sea or on land, transporters and retailers.

10. Some scholars prohibited the guardian of an orphan to invest the latter's assets in a maritime trade. For example: Abd al-Rahman b. Ziyad al-Zabidi (957/1567) said: "It should not be ambiguous that a voyage on sea with the orphan's capital (for trading purpose) is not permitted and one who does so will be held responsible. Similarly it is not permitted to travel on sea with an orphan" (al-Zabidi, 1978, p.136). Also a *mudarib*'s use of fund will be considered as an offence if he had not got a permission for that. These are *fuqaha*'s opinions; they have no clear supporting text.
11. See the note 10 above
12. Observations of Omer Talib are written on the margins of a manuscript of the *Tarikh al-Hind al-Gharbi* (Maarif Library 10024) referred by Lewis, 1968, p.28).
13. According to Hurewitz (1987, 1: 1): "The capitulations refer to a class of commercial treaties which Western power concluded with Asian and African states and under which Western nationals enjoyed extraterritorial privileges. European residents were thus subject to the laws of their home governments and immune from those of their home countries. Among the Near and Middle East lands the system developed most fully in the Ottoman Empire. In encouraging trade with the West, the early sultans thus did not have to seek equal treatment for their own subjects." Such a capitulation or Treaty of Amity and Commerce granted to France continued up to 1924 (ibid.).
14. In about 1580, an Ottoman geographer, in an account of the New World, written for Murad III, gave warning of the dangers to the Islamic lands and the disturbance to Islamic trade resulting from the establishment of Europeans on the coast of America, India and the Persian Gulf; he advised the Sultan to open a canal through the isthmus of Suez and send a fleet 'to capture the ports of Hind and Sind and drive away the infidels' (Lewis, 1968, p. 27. He refers to *Tarikh al-Hind al-Gharbi* (Constantinople, 1142/1729, fol. 6b ff.).
15. See the note 6 above.
16. Elsewhere we wrote that behind the Renaissance was the contact result with Muslim intellectual heritage (Islahi, 2005, pp. 7, 104, 114).
17. "The Arabs eagerly absorbed all this Greek learning and carried it into every part of their empire. They were soon able to surpass the true heirs of Greek civilization, the Byzantine, so decidedly that by the eleventh century Arabic works on medicine and other subjects were being translated into Byzantine Greek instead of vice versa" Grice-Hutchinson (1978, p. 65).

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[*] Dr Islahi is Professor of Economics, at the Islamic Economics Research Centre, King Abdulaziz University, Jeddah, Saudi Arabia. E-address: aaislahi@hotmail.com