

A Historical Review of the (Re)Formation of Markets in the Context of Islamic Capitalism (7th -13th Centuries)

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Abstract:

Following a Weberian approach, in this paper, I expand on Islam and discuss that religion itself is one of the main causes that historically paved the way for the rapid development of markets in the Medieval Islamic period. Contrary to general belief, that there is an essential and philosophical discrepancy between Islam and secularity, I argue that secularity itself is embedded within the discourse and practice of Islam. Religious secularity is as much a cause of the rise of socio-economic development and market expansions as it is the consequence of them. I discuss that, through creating economic and socio-cultural values, markets not only did not push religion out of public sphere, but they further strengthened the foundations of religion.

Keywords:

Islam, Markets, Capitalism, Secularity, Secularization, Religion, Religiosity, Values

Introduction

Understanding the relationship between religion and the market has been the subject of debate for a large number of influential social theorists (Weber 1958/1904-1905; Marx 1967/1848; Durkheim 1984/1893, 1915/1912; Haddorff 2000; Polanyi 1957, 1977; Wolfe 1989; Wuthnow 1994a, 1994b, 1996). At the heart of their discussions, these theorists have endeavored to explain the situation of moral, religious, and humane transcendental values in the context of market developments. As Haddorff (2000) nicely summarizes, these debates fall within three categories: the first stream (Weber 1958/1904-1905; Marx 1967/1848) views the market and religion in opposition. It holds that “the triumph of a market society would lead to the destruction of the fabric of civil society, including the secularization of religion, and a dystopian collapse of communal solidarity traditional values” (Haddorff 2000, 487). The second tradition (Durkheim 1984/1893, 1915/1912) believes that that the profane (material) market is absorbed by the sacred (spiritual) symbols of the religion. The market and religion co-exist in a symbiotic dialogue in which the balance between the sacred and the profane is continually sustained in society. Conceptualizing religion as a socially constructed phenomenon and not divine, this tradition claims that “in a totally secularized society, where the market becomes dominant, the sacred inevitably absorbs the religious-like elements of the marketplace and transforms the market into a religion” (Haddorff 2000, 491). The third stream (Polanyi 1957, 1977), which is also supported by Haddorff (2000), believes in interdependency between religion and the market. That is, they are both affected by the power of each other and collaboratively generate certain dynamic values that can correspond to the changing needs of humankind in a given society. In other words, profane behaviors (e.g., economic exchange and consumption practices) in the market do not erase religious values. “Even though the market is potentially hegemonic, it is curtailed by a religiously based ethic that significantly restrains and limits economic behavior (Haddorff 2000, 497).

In this essay, I support the third view. However, I build my discussion on the critique of the above theories based on the following three points: First, these theories exclusively analyze Christianity when they refer to religion. Therefore, a major religion like Islam is significantly missing from their debates. Secondly, they use the term ‘market’ (in singular form) to refer to the capitalist system which itself is a product of markets and their operations. They mainly focus on the past 500 years or so as their point of departure in their historical analysis is the beginning of the European capitalism in the 16th century. Therefore, they do not provide sufficient explanation for the relationship between *markets* and religion before this point in history. Thirdly, in their discussions, they use religion and religiosity interchangeably as they do not seem to differentiate between the two concepts. Religion and religiosity, as Soroush (2000) analyzes, are two different entities. Whilst religiosity – i.e., peoples’ understanding of religion – changes over time, religion remains unchanged. Therefore, what interacts with markets, as a social context, is not in fact religion itself but religiosity in a broader sense.

In this paper, like Haddorff (2000) and Wuthnow (1994a, 1994b, 1996), I argue, as the core of my debate, that secularity and religiosity are not totally separate concepts. Whilst there is little research on the relationship between religion (particularly Islam) and markets before the 16th century, I use the historical case of markets in the Medieval Islamic period (7th -13th centuries) to discuss that secularity itself is deeply embedded within the discourse and practice of Islam. I reject the general belief that there is an essential and philosophical discrepancy between Islam and secularity. In so doing, I follow a Weberian (1958/1904-1905) approach to highlight the importance of religion as one of the main institutions that historically paved the way for the rapid development of markets in the Medieval Islamic era. Central to my discussion is the notion that *religious secularity* mobilized markets to create certain values that went beyond simply profane and rational economic exchange values and

benefited society at large. I expound that, in this period (Medieval Islam) Moslems' common interpretations and practices of and engagement with Islam (i.e., religiosity) resulted in the rapid development of markets which in turn enacted certain economic and socio-cultural values that endured in Islamic societies for a long time.

Here I should emphasize that I do not claim that the essay presents a comprehensive historical review. Due to space constraints and reasons beyond the scope of the paper, I focus only on the notion of 'values' to explain the relationship between Islam and markets. The fact that I do not delve into the nature and geographical expansion processes of the capitalist system in Islam does not mean that I tend to ignore or oversimplify the multifaceted concept of capitalism. On the contrary, I stress that discussing the complexities associated with Islamic capitalism within one single paper would render it an incomplete and ambiguous piece of writing.

In terms of structure, the paper is divided into five sections: First, I will discuss the above theories in more depth in order to set the theoretical foundation of the essay. Then, I will discuss that secularity is embedded within the discourse and practice of Islam. Next, I discuss how this *religious secularity* influenced the rapid development of markets in Islam's Golden Age. This will be followed by a discussion on how, fuelled by religious ideals, markets generated a series of economic and socio-cultural values in society without abandoning the essence of religion (i.e., spirituality). In conclusion, I highlight some directions for future research and call for further research into understanding the relationship between religion and markets as two influential institutions that interact with society.

Religion and market: opposition, absorption, and ambiguity

As briefly mentioned in the introduction, in a seminal article, Haddorff (2000) summarizes the classic views about the relationship between religion and the market in three categories. The first category scrutinizes the relationship between religion and the market in

an oppositional tradition. The main proponents of this stream are Max Weber and Carl Marx who, unlike the laissez-faire¹ Enlightenment theorists of the eighteenth century (e.g., Francois Quesnay, Anne-Robert-Jacques Turgot, Adam Smith and David Hume), criticized the market as an economic system and as a social theory. Both of these theorists believed that the dominance of the market over society would result in the deterioration of religious values in society. According to Marx, in a market-dominated society religion loses its importance and influence. In such a society, “the capitalist ‘money economy’ dissolves bonds and relations of traditional community by ‘masking’ the traditional social relations between persons” (p. 487). In a capitalist society, social relations are concretized on the basis of mere calculative economic values. Since everything (e.g., the labor involved in different modes of production and commerce) loses its ‘use value’ and is reduced to ‘monetary value’, human beings are alienated from themselves, from one another and also from their traditional social and cultural values. “In such a context, religion has no power to transform the market structures themselves, and its impact is limited to caring for persons in light of the harsh realities of the market” (p.487).

In a similar manner, Weber argues that as a result of the ‘modernization’ process – present in economic rationality and bureaucracy – of an economic system, religion is gradually wiped out of the sphere of public life: “the power of modernization not only causes the institutional life of Western society to fragment into various social and cultural spheres, but it imposes instrumental rationality and bureaucratic structures to govern the practices of these non-market spheres” (p.487). Weber’s analysis of the erosion of religion from public

¹ Laissez-faire philosophy was part of the 18th century Enlightenment movement that essentially believed in the law of nature, free will of human beings, and at its core, free market economy. In terms of economics, laissez-faire believed that states should not interfere in market activities. For instance, production of wealth would require free movement of labor in the market. This idea was originally influenced by the belief that the universe is capable of self-regulating as God – the engineer of the universe – stands aside without interfering in the system. Proponents of laissez-faire therefore saw markets capable of benefiting society in a variety of ways. For instance, in his ‘Wealth of Nations’ (1776), Adam Smith rejected monopolization of the market in the hands of a few producers and advocated competition because it would enhance the quality of goods and reduce prices for consumers. Moreover, he believed that individuals’ self-interest in market activities would benefit society because it would lead society towards more production and mobility.

sphere stresses that religion paradoxically becomes entrapped in the hands of its own creation. That is, “although religious attitudes and beliefs initially shape economic behavior (e.g. Protestant Ethic), they themselves become trapped in the economic logic of the ‘iron cage’” (p.487). In Weber’s perspective, the “instrumental rationality of the market” will eventually overcome the “value-oriented rationality” of the religion. As Haddorff further discusses, what is noteworthy in Weber’s thesis is the idea of ‘disenchantment’ which states that the modernization process of the economic system affects religion in two ways:

First, religious authority and influence over society diminishes because more powerful secular institutions, driven by techno-scientific reason, provide alternative explanations about the meaning and purpose of existence. Second, the attitudes, language, and rational procedures of the secular “public” sphere become so pervasive that they alter the traditional ways of practicing religion. (p.487)

In sum, for both Marx and Weber, the increasing power of capitalism fosters the secularization process of society because “the tension between the two value systems of religion and the market are minimized...for Marx, the market secularizes the sacred, reducing it to commodity, and for Weber it is the sacred legitimizing the market” (p.488). In Haddorff’s words, this secularization process for Marx leads towards ‘a utopian revolution’ and for Weber towards a ‘dystopian disenchantment’.

Such a critical view about the market logic is also reflected in the writings of a series of contemporary prominent scholars (e.g., Bauman 1998, 2000; Schor 2000; Wolfe 1998; Anderson 1993; Heilbroner 1986) who are concerned with the erosion of human values – which go beyond religiosity and encompass issues of identity, dignity, and morality – in a market-dominated society. Such theorists believe that the market logic, which reduces human

values to “enlightened self-interest, utilitarian cost/benefit analysis, and the monetary value of commodity exchange” (Haddorff 2000, 488), depletes society of its puritanical values.

The second category is the ‘absorption theory’ proposed by Emile Durkheim. This theory, as Haddorff (2000, 490) explains, “attempts to reframe the triumph of market society and *Homo economicus* [economic man] in light of the symbolic boundaries of the ‘sacred’ and the ‘profane’.” This theory does not see the sacred and the profane in opposition; rather it holds that there is a symbiotic relationship between the two. For Durkheim religion is not divine; it is a socially constructed phenomenon which, through its ‘symbolic-expressive system’, assigns meanings to and values for peoples’ life goals and behaviors based on the conditions of a given society. Since religion is a socially constructed reality and not a transcendental reality, the values it prescribes do not necessarily stand above the culture of society. These values are not assigned by a supernatural source called God; they are defined by the society itself. Therefore, as long as there is balance between the sacred and the profane, the society is healthy and stable. This symbiotic relationship between the sacred and the profane exists because society and religion are viewed from a ‘functionalist’ perspective. This means that society develops organically. Whenever necessary and in order to sustain its healthy status, based on the requirements of its existing dominant cultural order, the society reconfigures its system by establishing balance between the sacred and the profane. This mechanism exists in all conditions. Therefore, even when the society’s dominant order is a capitalist system, the society’s efforts are geared towards creating the steadiness based on the requirements of the market society.

From this perspective, the economic system is “a historically conditioned way of construing the world, a way of organizing and reorganizing our core religious beliefs and practices in a secular society” (Haddorff 2000, 491). This conceptualization of the ‘market as religion’ states that the market creates a series of meanings, symbols, values, and life goals

that replace the traditional religious values and meanings systems. For instance, through consumption rituals, goods transcend their mere materialistic values and act as symbolic means of creating and negotiating identities and social status (McCracken 1988; Firat and Venkatesh 1995; Slater 1997; Boli 1985). Therefore, through the market system, the profane produces the sacred. Perhaps, Muñiz and Schau's (2005) research on brand communities best exemplifies how in contemporary societies the market generates religiosity through consumers' emotional involvement with material goods. As Muñiz and Schau demonstrate, religious elements of magic, supernatural, transcendental experiences, worship, and storytelling are all present in market-generated brand communities. This view towards the market, therefore, rejects the notion of opposition between religion and the market. It negates the idea that the project of capitalism (as the quintessence of modernity) destroys religion. It argues that the market "might force the religious and magical to emerge in different contexts, displacing rather than destroying them" (Muñiz and Schau 2005, 737).

From a moral point of view, this tradition believes that since sustaining balance, coherence, and social order is the ultimate goal of a healthy society, as far as market activities such as pursuing self-interest, consumption rituals, and monetary exchange activities result in positive feelings of happiness, well-being, achievement, and gaining social status, the market serves society with value creation. This functionalist view states that traditional religion can no longer produce equilibrium in society because with its retrospective approach it holds the society back to the archaic discussions of good and evil. Such a conventional religion is not capable of answering the mundane needs of human beings who live in a technology-driven society (Boli 1985). However, such a functionalistic conceptualization of the market-religion relationship, as Haddorff (2000, 493) criticizes, "fails to answer how the 'moral order' of civil society can be sustained, when the sacred components of the market are rejected and only the profane qualities remain." In other words, since this view about the whole society is a

nihilistic one, it does not explain what will happen to a society which is merely driven by a series of market generated values. In a society where market-oriented values and systems of meanings and identities have replaced long-existing traditional values (which promoted moral and humane dimensions of life), the market society cannot sustain its own developed sacred foundations either.

The third and final stream of the above mentioned categories is what Haddorff refers to as ‘ambiguous tradition’ which is epitomized in Polanyi’s (1957, 1977) thesis of ‘double movement’. According to Haddorff, whilst this belief shares common ground with the first two streams, it differs from them on certain points. Like the oppositional perspective, it believes that the expansion of capitalist market results in its empowerment and influencing society, but unlike it, rejects the idea of total alienation of religion and secularization of society. Also, like the second view, it maintains that there is a symbiotic relationship between the market and religion. In contrast, it rejects a functionalist perception of society and sees religion as a transcendental reality. As Haddorff further argues, Polanyi believes that both ‘market expansion’ and the ‘enlarging capacity of society’ challenge the values of the market. In Polanyi’s view, although the establishment of “the self-regulating market of the early nineteenth century disembedded the economy from its feudal social base, thus separating the market from society, this separation implies more of a dialectical than an oppositional relationship between the market and society” (Haddorff 2000, 494). That is, on the one hand, the market continues to pursue its intended institutional goals (e.g., establishing free market economy, forming trading societies, increasing consumption and production of goods); and other hand, the society continues to sustain its social order and protect its residents by employing its available forces (e.g., protective legislation and policies and restrictive associations) and resources (e.g., religion and culture). From Polanyi’s perspective, “since the problems of society are inherently social rather than political or economic, it is through a

rediscovery of society (or community) that persons begin to engage, resist, and even transform market society” (Haddorff 2000, 494). In this regard, religion plays a crucial role in supplying the society with the values that endure and respond to people’s communal and individual needs in social life. That is why neither the market nor the state is capable of controlling the society. Reposed on its multiple resources of values, the society remains in constant dialogue with the market.

It follows that even in a market society, religion continues to exist and address people’s needs. Material consumption and monetary exchange activities in the market do not lead to the deterioration of religion in society. Haddorff himself supports this view. He argues that the market, like all areas of human activity, “is infused with moral values, principles, and virtues, which draws from the ‘public’ role of religious and ethical discourse” (p.498). With reference to the religious documents of the Christian churches, he further maintains that religion “calls the market to higher principles and practices of moral responsibility, grounded in religious convictions and practices. Indeed, religious traditions and theological discourse becomes vitally important in helping to define, in public language, the morality of the marketplace” (p.498).

In support of his discussion, Haddorff further refers to the work of Wuthnow (1994a, 1994b, 1996), Marty (1995), and Schmidt (1995) on the analysis of the dominant contemporary consumer culture in the USA. The core of his discussion is that neither the market is totally profane, nor is religion totally sacred. Interested in both the profane and the sacred, Americans prefer to remain in an ambiguous status of dangling between the two rather than adhering to one at the expense of the other. Therefore, the material consumption rituals and in Americans’ daily lives do not distance them from their religious beliefs. Material consumption serves these people to practice transcendental moral and social values such as ‘freedom’, ‘success’, and ‘well-being’:

The philosophy of hedonistic materialism does not drive the practice of consumption. Rather, consumption is linked with the basic life values of health, security, being loved, beauty, knowledge, relaxation, and social solidarity. Through consumption persons embody these non-market 'values' or 'goods', which ironically assists persons in attaining the 'non-material' good life.

(Haddorff 2000, 497)

So far in this paper, I have explained the three theories Haddorff nicely summarized in his article. In the following sections, I will discuss the relationship between Islam and markets. I use the term markets in plural to denote the fact that markets predate modern concepts such as capitalism. Markets are not merely physical events, geographical entities, or passive objects that are created and regulated, in a one-way structural tradition, by active or proactive capitalist agenda. They are dynamic and socially constructed institutions (Araujo 2007; Peñaloza and Venkatesh 2006; Collins 1990) that, as a result of complex interactions with other multifaceted institutions (e.g., religion, culture, economy, and politics) are in constant change. Notably, the relationship between markets and these institutions has an agentic nature. That is, markets are concomitantly producers as well as products of multiple social institutions each of which has its own specific sets of values in different socio-cultural contexts.

Islam, secularity, and two types of values

“Islam rejects both monastic asceticism that glorifies poverty and sufferings and the Calvinistic variety discussed by Max Weber that esteems the accumulation of wealth at the expense of its enjoyment” (Ahmad n/d). After its emergence in 630 AD, with its appealing

and genuine considerations for the universal human's innate aspirations for a better life, Islam helped to improve peoples' very daily life conditions (Motahari 1983). Such a life was not solely the life hereafter (celestial) but a very worldly-lived one (earthly). The abundance of the teachings of the Koran on everyday life affairs such as dressing, eating, sexuality, matrimony, hygiene, trade, inheritance, property rights, warfare, education, almsgiving, discipline, and the like provides strong evidence for the fact that the religion spoke a familiar language of the temporal (Soroush 1994). In the Koran, God constantly swears to very concrete objects such as the Earth, the Sun, the Moon, the stars, fruits, vegetables, and the like. He calls upon human beings to see the logical cause and effect relationship in their very mundane natural setting such as how bees produce honey and how camels survive for long periods of time in dry deserts. For those of insight, such tangible and worldly examples are all signs and rational proofs for God's omnipotence (Rodinson 1974/1966). The Koran continually expounds that only God is divine and eternal and the rest are subject to annihilation. Thus, only God is sacred.

Prophet Mohammad, who was ordered by God to tell people that he was not divine but a mortal human being like others (The Koran, 18: 110), constantly advised people to both enjoy their worldly life and at the same time secure their salvation for life after death. It is repeatedly narrated that he reproached monastic asceticism (Majlesi 2000/1601-1698, 207). "The love of desires, of women and sons and hoarded treasures of gold and silver and well bred horses and cattle and tilth, is made to seem fair to men; this is the provision of the life of this world; and Allah is He with Whom is the good goal of life (The Koran, 3:14). A large proportion of the teachings of Islam were focused on providing guidance on people's very mundane life affairs because the earthly life was viewed as a field in which human beings are given opportunities to decide their own eternal fate by their deeds. Moslems were advised to build their earthly life in such a way as though they would live in there forever and think

about their eternal life in a way as though they would die any moment. In Islam's view, there is a close symbiotic relationship between the sacred and the profane to an extent that abandoning either one to the benefit of the other is reproached. It is narrated that, like his predecessors (the Prophet and other Imams), Imam Sadegh (the 6th Imam of the Shiites) advised Moslems to keep a balance between the worldly life and the life hereafter: "Those who abandon the worldly life for the sake of the eternal life or the eternal life for the sake of the worldly life are not our followers" (Naraghi 2009/1771-1829, 246).

Quite contrary to the stereotypical interpretations of Islam, the essence of Islam is about how to live an organized, happy, healthy, and prosperous life that would then lead mankind to eternal salvation. Such a view towards the secular life was also rational. Earthly affairs could have not been managed and accomplished without wisdom and rationality. Islam fundamentally rejected superstition and fatalism by stating that "man shall have nothing but what he strives for" (The Koran, 53: 39). As Rodinson (1974/1966, 79) nicely notes, the verb '*aqala*' (which means to connect ideas together, reason, understand an intellectual argument) is repeated 55 times in the Koran. Islam compellingly rejected supernatural and superstitious entities (e.g., Heavenly bodies and mythical gods and goddesses) that were held responsible for mapping out human destiny. Such rationality held Moslems directly responsible for their own deeds and behaviors. They were not allowed to look to others in order to gain prosperity. Neither were they allowed to put the blame on others for their own lack of commitment to improving their lives. The idea of 'no pain, no gain' was at the heart of this secularity.

This perspective towards life was based on a clear distinction between two types of values: guiding values and serving values (Soroush 2000). Guiding values – "those for the sake of which we live" (e.g., spirituality and morality) – needed material realization through serving values – "those that exist for the sake of living" (e.g., sociality and productivity) (p.39). All temporal (secular) affairs were perceived as the most immediate and available

means of serving values to help humankind to embrace eternal guiding values that would transcend the worldly life.

Amongst a large number of guiding and serving values the key ones that are immediately related to my present discussion are the concepts of faith and wealth respectively. The relationship between these two could be best explained in Imam Ali's (the first Imam of the Shiites) words: "Poverty makes one's faith imperfect, perplexes his reason and is a cause of animosity" (Dashti 2005, 505). That is why in Islamic teachings and practices maximum emphasis was put on economic self-sufficiency of humankind because poverty was seen as the root of all evil (e.g., lack of human dignity, fraud, theft, prostitution, etc.). Yet, it is interesting to note that despite Islam's explicit promotion of economic self-sufficiency, some Moslem thinkers such as Molla Mohsen Feiz Kashani (1598-1679) and Mohammad Al-Ghazzali (1058–1111) promoted poverty by stating that "poverty is better and safer than affluence because the poor have less of an interest in the worldly affairs and to that extent, they will be more inclined to prayer and pious reflection" (Soroush 2000, 47). As Soroush tactfully criticizes, this Sufi belief was not in line with the solid teachings of Islam. That is, such a belief was a reflection of people's religiosity which was different from Islam as a religion.

Interestingly, economic justice – which was a means and not an end in itself – was not what Islam sought to establish only for Moslems but for all members of the society in which Moslems lived side by side with Zoroastrians, Jews, Christians and infidels. Economic justice would pave the way for social justice (Soroush 2000; Rodinson 1974/1966) which in turn would fertilize seeds of faith, peace, wellbeing, stability, and serenity in society. As I shall discuss in the following sections, markets were among the most promising social settings in which serving values would flourish and enable Moslems to practice 'good life' (Haddorff 2000) in order to reach eternal guiding values. Markets were not simply economic

spheres where only profane activities such as pursuing self-interest, trade and business exchange took place; they were multifaceted social institutions in which both ‘operand’ and ‘operant’ resources (Constantin and Lusch 1994; Vargo and Lusch 2004) went hand in hand to produce enduring economic, institutional, and socio-cultural values in society.

Markets as cradle for serving values

Markets existed long before Islam appeared in the 7th century. The pre-Islam Mecca was a big market and trading centre (Dost 2008). Positioned in the Arabian Peninsula, Mecca had a strategic location both geographically and culturally. Pilgrims from close and distant areas would go to Mecca to both visit the Ka’ba shrine and pursue trade. The caravan trades between the Indian Ocean and the Mediterranean Sea had to pass through the Arabian Peninsula. The main caravans were communal undertakings in which whole tribes participated. All these qualities had made Mecca a truly international market where traders engaged in free market activities (Labib 1969).

With the rise of Islam in 630 AD, Mecca became an even more significant market as trade activities expanded among Moslems. Prophet Mohammad – a merchants’ trusted agent – and his wife Khadija – a well-known business entrepreneur of her time – had been involved in trade activities for a long time. Their ancestors had also been famous traders. With this background, as the head of the Islamic State, the Prophet played a pivotal role in the development of markets of his day (Ahmad n/d; Rodinson 1974/1966; Labib 1969). The Prophet and the Caliphs after him were all businessmen and knew the value of markets and trade. Their engagement in trade had given them the vision and awareness about the fact that markets were capable of benefiting society in a variety of ways. It is narrated that the Prophet said: “The merchant who is sincere and trustworthy will at the Day of Judgment be among the prophets, the just and the martyrs”, or “The trustworthy merchant will sit in the shade of God’s throne at the Day of Judgment”, or “Merchants are the messengers of this world and

God's faithful trustees on the Earth" (Rodinson 1974/1966, 16). Conversely, Abu Bakr (the first Caliph) and Umar (the second Caliph) are also alleged to have respectively said: "If there were trading in Paradise, I should choose to trade in fabrics, for Abu Bakr the Sincere was a trader in fabrics" and "Death can come upon me nowhere more pleasantly than where I am engaged in business in the market, buying and selling on behalf of my family" (Rodinson 1974/1966, 17).

With such a view, markets, above all their other qualities, were perceived as opportunities where one could gain prosperity in order to help the needy: "The Prophet heaps praise upon those who, far from being parasites, enrich themselves so as to be able to help the deprived" (Hamidullah 1961 in Rodinson 1974/1966, 17). Markets were valued not merely because of their vibrant economic productivity, but for the ultimate value (e.g., generosity and social justice) they could potentially create in society. Helping the poor, however, did not mean that some people should work for the sake of others' comfort. In other words, the idea of 'help' was not to be realized through almsgiving only. Effectively, markets could lead to social justice through enhancing production, businesses, job opportunities and wealth distribution. Moslems' endeavor to fully utilize this potential in markets was so significant that within a few decades it gave birth to a modern economic institution in the form of Islamic mercantile capitalism (7th-13th centuries).

Free market economy: where markets flourished

Khan (1984), Rodinson (1974/1966) and Labib (1969) provide an abundance of historical evidence and Koranic references to the fact that Islam explicitly and emphatically encouraged Moslems to improve their economic condition. The importance of economic self-sufficiency was to the extent that markets paved the way for the emergence of mercantile capitalism in the Medieval Islamic period. This economic system was a modern institution

that sought to enhance productivity and generate more capital. It encouraged investment and trade exchange in markets and discouraged hoarding. For instance, in order to circulate wealth and encourage productivity, Islam introduced the concept of *zakah* (penalty on hoarding) which can “eat up all savings if they are not productively used to yield at least a 2.5 percent return per annum” (Khan 1984, 7).

After three centuries of expansion into other regions (e.g., Persia, North Africa, Europe, and India) Islamic State was an established empire. With the formation of Abbasid Caliphate (750-1258) (also referred to as the age of Islamic Enlightenment) in Baghdad, Islamic commercial capitalism flourished to its full capacity (Labib 1969). Modern forms of trade, business, and production were invented and Baghdad, Damascus, Esfahan, Neishabur, and Cairo became ever more important international markets and business hubs (Banaji 2007). As both Berg and Kemp (2007, 12) and Rodinson (1974/1966, 30) report, the following quotation from Ibn Khaldun (Islamic economist, 1332–1406) reflects the economic and commercial ethic of the early Islamic period:

It should be known that commerce means the attempt to make a profit by increasing capital, through buying goods at a low price and selling them at a higher price, whether these goods consist of slaves, grain, animals, weapons, or clothing material. The accrued amount is called 'profit'. The attempt to make such a profit may be undertaken by storing goods and holding them until the market has fluctuated from low prices to high prices. This will bring a large profit. Or the merchant may transport his goods to another country where they are in more demand than his own, where he bought them. This will bring a large profit. Therefore, a veteran merchant said to a person who wanted to find out the truth about commerce: "I shall give it you in two words: Buy cheap and sell dear. This is commerce for you.'

Evidently, profit lay in exchange values of buying and selling goods in markets, where transactions took place among businesspeople within the Islamic transit territory. Although these markets were big – even bigger than those in the Roman Empire – based on the above economic rationale and in order to maximize profit, Moslems started to produce goods for export to other regions (e.g., Europe and Africa). This served them in three ways: their markets expanded, their local production increased, and they gained specialization in certain industries such as agriculture and textile (Rodinson 1974/1966).

As a great deal of prior research (Rodinson 1974/1966; Khan 1969; Ahmad n/d; Berg and Kemp 2007; Dost 2008) reveals, markets enjoyed a free economy system in those days. The Islamic State did not interfere in the market activities of Moslems and only monitored the market to ensure that the rules of free market economy were not violated. The existence of this free market economy was, to a great deal, the direct result of religious secularity. The Prophet was “strikingly concerned with the material conditions of the market in order to make the commerce possible on a free and equal basis” (Dost 2008). He was against price fixing at the time of scarcity (Nomani and Rahnema 1994). In response to a question about his rejection of price fixation he said: “The seller and the buyer, the one who provides and who fixes the prices are nobody but God. I don’t wish to die whilst people having demands of life and property from me” (Kavakci 1975 in Dost 2008). The Prophet was also extremely against fraud. He had appointed some *Muhtasibs* in markets. These were the people who would work at the entrance of the city to make sure that merchants would not try to tempt the sellers (e.g., producers and farmers) to sell their goods at low prices (Rodinson 1974/1966; Dost 2008).

Similarly, the Prophet was very sensitive to private property rights (Rodinson 1974/1966; Khan 1969; Berg and Kemp 2007). The idea of private property rights was anchored in the religious belief that everything in the world belonged to God and, as God’s

representative on the Earth, man was entitled to full ownership of his property and possessions. Dost (2008) cites from Al-Mawardi (1966) an interesting example of jurisprudence by Abu Hanifa (a renown jurist during, 699-767 AD) “where he bans the market intendant to spill the wine of a non-Moslem in case of a public drinking since he argues that wine is a stipulated and rightfully guaranteed property of non-Moslems.” These concerns about the operations of markets – which themselves were energized by religious beliefs – were so prominent that it would not be an exaggeration to claim that markets played an important role in fostering secularity in the Islamic Golden Age.

Markets fostered secularity in a civil society

In their everyday life conditions, Moslems viewed markets as contexts in which they could practice religiosity and gain material profit at the same time. For instance, the concepts of fairness and justice were tangibly materialized in their day to day commercial activities. Merchants were valued for their undertaking of risk and hardship to transport goods between remote areas (Rodinson 1974/1966). They were respected for their clean ways of doing business, for avoiding fraud and hoarding, for helping out the poor, and for their trustworthiness. None of these could have been established if there was no free market economy supported by religion. Most probably they could not have liked a religion that did not appreciate their hard work; nor could have they maintained interest in a religion that would not have respected private ownership. Justice, as the core of the religion, meant that people should be rewarded on the merits of their efforts and what they actually deserved. Life could not have been meaningful if Moslems were only recommended to pursue virtues without gaining any worldly tangible benefit. In other words, the realization of guiding values would happen only through realization of serving values. No one would like a God that did not reward their good deeds and acknowledge their material needs, pay their debts, and run

their everyday life (Soroush 2000). Obviously, this required a balance between accomplishing duties and enjoying rights.

Islam was a religion that sought to establish this balance. It was a religion that defined not only the duties of human beings but also their rights. However, there is little evidence of this balance between duties and rights in the actual text of the Koran. The language of the Book is a general language of duties and not rights (Soroush 2000). The Koran predominantly informs mankind of the duties they should fulfill in order to embrace salvation. This however does not mean Islam forgot about humans' rights. Sunnah (the sayings and practices of the Prophet) acted as another great source of guidance for practicing Islam. As mentioned earlier in this paper, in the light of the interpretations of the Koran, the Prophet clearly emphasized the rights of human beings as well as their duties. For example, whilst he emphatically deemed trust and honesty valuable duties of merchants, he extremely supported and reserved their rights to private property, gaining profit, and pricing goods. It was also because of this emphasis on individuals' rights that sellers were obliged to provide buyers (merchants or individual consumers) with detailed information about the goods they would purchase. Hence, consumers and buyers were entitled to their rights (Rodinson (1974/1966)). Sunnah therefore reflected how the Prophet lived out the Koranic teachings. These two sources (the Koran and Sunnah) were then the bases for generating further guidelines for practicing good life, but the rapid socio-economic development of Moslems' life required more guidelines that would be able to answer a host of emerging questions related to sustaining 'good life' and regulating new life practices such as new market activities.

From this standpoint, markets played a significant role in the development of Islamic economic laws and jurisprudence. Amongst a variety of social contexts, markets were important social settings which would provide Moslems with opportunities to mutually fulfill

their own duties and respect each others' rights. In Khilnani's (2001, 24) words, markets represented civil societies in which individuals are "primarily concerned with the satisfaction of their private, selfish wants. This is done through working, producing and exchanging their products in the market which is regulated by a framework of rules, which define the rights of individuals, their person and property." In the Medieval Islamic period, markets had the potential to create this lawful framework that would define individuals' rights in a civil society.

I use the term 'civil society' deliberately to denote the fact that markets were the contexts in which human relations were formed based on not mere kinship and family ties, but on the common material and spiritual benefits they could gain through their collective engagement in social interactions such as business and commercial exchange activities (Khilnani 2001). This civil society was a social setting in which morality was promoted and practiced (Silver 1990). As Smith (1791/1976 in Silver 1990) explains about the characteristics of commercial societies, people's 'voluntary engagement' in business activities and 'sympathy' towards one another formed strong social ties that brought them closer together. The scope of this kind of social relation went beyond merely economic gains the market exchange would provide for them. Fuelled by religious teachings, markets were the contexts in which one could use serving values to reach guiding values. Sustaining such morality and strong social ties needed clear-cut rules that would illuminate the boundaries of one's rights. Only a win-win situation would guarantee the continuation of social ties in exchange activities. This way, the spirit of 'brotherhood' that Islam promoted could continue to exist and lead towards more productivity and social benefits. In other words, unlike Weber's pessimistic view that the principles of 'ethical brotherhood' would be overshadowed by the self-interest aspirations embedded in the market logic (Hughey 1979), the markets in Islamic societies further fertilized the seeds of ethical brotherhood. This was to an extent that

even the expansion of Islam to other geographical regions is sometimes associated with the ethical behaviors of Moslem businessmen and traders in markets (Ahmad no/date).

The development of lawful frameworks and bureaucratic administrations such as the establishment of “commercial law, the expansion of property rights for women, the prohibition of fraud, the call for the establishment of clear standards of weights and measures, and the uncompromising defense of property rights” (Ahmad no/date) in Islamic markets had another significant impact on society. This rationalization of human worldly practices not only did not remove religion from people’s everyday life social and cultural spheres, but further strengthened the foundations of Islam as a progressive religion. The modernization of life through market-oriented institutional practices did not, as Max Weber claims, replace religion. On the contrary, Islam’s emphasis on gaining knowledge and developing rational and scientific approaches in order to understand the universe (Sardar 1993) inspired Moslems to organize their secular activities, with the commerce in the centre, in modern ways. That is why as Motahari (1983) emphasizes, they learned and further developed modern administration methods of trade and governance from Persians. This kind of modernization was therefore a result of religion itself.

Weber’s thesis of the ‘disenchantment’ perhaps can be better understood in Soroush’s (2004, 2007) analysis of the relationship between religion and the market. The triumph of modern socio-economic development in the West – under the etiquette of capitalism or free market economy – is not due to the fact that such modern institutions are extremely and exclusively powerful. They happened to gain power because the Christian Church (as the sole legitimate source of interpreting Christianity as religion), that used to dominate almost all aspects of human life in the past, gradually became weak and subsequently surrendered to the more powerful institutions such as the market that had more credibility and could contribute to the daily life practices of humanity (e.g., secular and

modern administrations, rationality, economic values). The Christian Church lost power because it resisted the scientific and rational approaches to the analysis of the universe. But Islam advocated scientific enquiry and rationalism which were the pillars of secularity.

Therefore, from this perspective, it would be no exaggeration to claim that the historical mission of Islam was to ‘secularize’ human life (Soroush 2000; Turner 1983, 1974). This secularization, however, was not a dystopian ‘disenchantment’ as Weber (1958/1904-1905) saw it. This secularization, as Soroush (2000) proposes, is an ‘objective secularism’ which sought to separate religion not from the social and cultural sphere of society (‘subjective secularism’) but from the state policies. As discussed earlier in this essay, the Islamic state did not interfere in market operations, hence providing the society with maximum opportunities to self-regulate. This kind of secularism in Soroush’s (2000, 60) words means that “everything is open to critique, from the head of state to the manner of government and the direction of policy determination. Naturally when politics is desacralized (that is, when it becomes rational and scientific) whilst religion remains sacred, the two are separated.” This is how, although Islam paradoxically fostered secularism, due to its emphasis on rationality, it did not cannibalize its own principles. Whilst religion was widely present and practiced in the social and cultural domains of society, the Islamic state was focused on organizing people’s mundane secular affairs without making strict ownership claims to religion. Should Islam have interfered in markets, its own credibility would have deteriorated.

Conclusion

In this essay, I sought to provide a historical review of the relationship between Islam and markets. In so doing, Haddorff’s analysis of the existing debates on religion and the market was an invaluable source of departure in my paper. Whilst I critiqued all three perspectives, I rejected the ‘opposition’ and ‘absorption’ perspectives. The former drew a rigid divide between the sacred and the profane and hence fails to understand the symbiotic

relationship between the two, and the latter escaped the responsibility of resolving the debate by oversimplifying religion as a socially constructed phenomenon. In contrast, my approach towards the ‘ambiguous’ perspective was an affirmative one. Like Haddorff, I demonstrated that there is no discrepancy between religious values and market values; neither is there a rigid divide between the sacred and the profane. I also discussed that, fuelled by religious values, markets in the medieval Islamic period served society by creating a series of economic and socio-cultural values. Yet, I went beyond Haddoff’s explanation of the co-existence between the sacred and the profane and his critique of Weber’s ‘secularization’ concept. I discussed that secularity is indeed deeply embedded with the discourse and practice of Islam. Conversely, I differentiated between ‘objective’ and ‘subjective’ secularism to argue how Islam did not surrender to the market power.

Given the space constraints, there are several issues that I have not written about in this paper but would like to highlight as areas for future research. The well-developed markets of the Islamic Golden Age gradually weakened after the 13th century which has considerably continued to date. It is imperative that the factors that caused this downfall be investigated. Also, my inquiry (throughout writing the present paper) into the evolution of markets in Islamic societies indicates that markets significantly contributed to the fertilization and rapid development of arts, science, architecture, and technology. These interesting areas need to be addressed in an interdisciplinary manner. Markets and religion are two vital institutions that continue to influence (re)shaping of our contemporary society. Therefore, investigating their versatile relationship should also continue to remain a top scholarly debate.

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