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*Economic Lessons of Early Islam* comes in two sections. The first section outlines early Islam’s economic innovations, the second section relates how Western historians engaged with these innovations.

Section 1

The founder of Islam, Muhammad, may be considered the first supply-side economic reformer in world history. Islamic economics affirmed the social usefulness of entrepreneurs; promoted markets and long-distance trade; deregulated prices; and promoted private funding of social welfare.

Early Islam’s economic transformations, spreading from Arabia to Europe, made an impact on the economies of the Middle Ages comparable to that of Chicago economics on the economies of the twentieth century.

Section 2

Four historians illustrate the progress in Western understanding of Islamic economics from the Enlightenment until today: Edward Gibbon (1737-1794), Aloys Sprenger (1813-1893), Leone Caetani (1869-1935), and Shlomo Goitein (1900-1985).

In 1776 Edward Gibbon published the first volume of *The Decline and Fall of the Roman Empire*, the very year Adam Smith published *The Wealth of Nations.* Gibbon was alive to Islam’s sociological implications.

Aloys Sprenger lived during the era of nineteenth-century global imperial expansion. *Das Leben und die Lehre des Mohammad* (3 volumes, published 1861 *seq*) foregrounded Muhammad’s upbringing as a member of Mecca’s merchant elite. Sprenger coined the phrase that Arabs had been *inventors of world trade*.

Leone Caetani collated Arab primary sources in the *Annali dell’Islam* (10 volumes, published 1905 *seq*). He documented the personal income of Muhammad and identified him as*“the richest Arab of his time.”*

Shlomo Goitein’s *A Mediterranean Society: The Jewish Communities of the Arab World as Portrayed in the Documents of the Cairo Geniza* (6 volumes, published 1967 *seq*) gathered primary documents to reconstruct the daily lives of ordinary denizens of medieval Cairo. He authored numerous works on social relations of medieval Muslims and non-Muslims. He quoted a noted American economist responded to his question, what he made of Muhammad’s dictum, *“prices are in the hand of God,”* that it was *“the best definition I have heard.”*

Looking back over the past 250 years, the works of Gibbon, Sprenger, Caetani, and Goitein, paralleled the wider progress of economics as a discipline. If the study of economics in early Islam has lagged behind the studies of Islam’s religion and politics, it has been catching up alongside progress in economics overall.