GENE W. HECK

Charlemagne, Muhammad, and the Arab Roots of Capitalism

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To rebuilding strong ties
between the East and West

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Gene W. Heck, Ph.D.

Frontispiece

"The Arabs' conquest, which brought confusion upon both Europe and Asia, was without precedent. The swiftness of its victory was comparable only with that by which the Mongol Empires of Attila, Jenghiz Khan, and Tamerlane came to be established. But these Empires were as ephemeral as *the* conquest of Islam was lasting. The religion still has its faithful today in almost every country where it was imposed by the first caliphs. Indeed, the lightning-like rapidity of its diffusion was a veritable miracle when compared to the relatively slow pace of Christianity."

1920s Belgian scholar Henri Pirenne,
Muḥammad and Charlemagne, 6th ed.
(London, 1974), p. 149

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I. The Export of Islamic Economic Doctrine

A. The Historiographic Challenge

The dramatic demise of global communism within the past two decades – leaving mercantile capitalism as the world's most enduring economic system – has been hailed as a defining moment in the ideological evolution of the West. From sundry sectors – business, politics, academia, and the fourth estate – have come paeans of praise for the remarkable triumph of the free market system, defined as a wondrous "Western invention." Few have denied the merits of the case.

Yet self-indulgence notwithstanding, the primary origins of capitalism itself remain remarkably ill-defined. Did the Western "free market system" really arise Phoenix-like from the ashes of medieval Europe's prolonged "Dark Ages," as much conventional Western business history contends? Was it a natural complement to the "Protestant Reformation," as various other sources suggest?

Where did this so-called *Western* capitalism first set roots? Did it not stem from earlier cultures and religions – and those prevailing in the Near East in particular? Focused serious inquiry into such issues of provenance holds significant implications for the economic historiography of the West and East alike.

For it is regrettable, but true, that medievalist historiography, and that focused upon the Near East in particular, was not characterized by a distinguishing "scientific approach" until the past half century. Indeed, much of what today is often accepted as "fact" was written more than a century ago by non-historians – soldiers, explorers, missionaries, clerics, businessmen, and other self-styled "Arabists" – dilettantes who not only lacked qualifications but also the benefit of rigorous scholarly techniques.

In this heuristic process, then, error came to be piled upon error to paint a portrait of medieval Islamic civilization that did not, in fact, exist. In the words of Lewis:[1]

> It has been remarked that the history of the Arabs has been written in Europe chiefly by historians who knew abic or Arabists who knew no history.

Cahen, Ehrenkreutz, Simon, and others have similarly lamented this prevailing stasis afflicting scholarly research into medieval Islamic socioeconomic history.[2]

Such indictments are damning – and invoke a compelling need to revisit the conventional accounts of early Islamic economic and commercial achievements – to eliminate unfortunate inaccurate accruals, to rewrite anachronistic interpretations, and to remedy flawed perceptions of the medieval "Arabo-Islamic socioeconomy" that persist. For as a direct result of such standards of scholarship and the attendant erroneous conclusions that remain, the Arab role in influencing medieval economic history, and medieval European economic history in particular, has been maligned in many modern western accounts.

Examples are legion. Perhaps the foremost among them was created by Henri Pirenne – as in the late 1920s and 1930s, this renowned Belgian scholar profoundly stirred the staid world of medievalists by proposing dramatic new chronologic and geographic dimensions to scholarly research focused upon the eclipse of Roman civilization by the veil of economic darkness that attended Europe's early Middle Ages.

According to Pirenne, that epoch-making eclipse occurred in the 8th Gregorian century. It was caused both by a violent disruption of the unity of the Mediterranean world, and by an ensuing wind-down of its heretofore highly lucrative commercial operations. This "Pax Romana" unity was shattered, he said, by the destructive invasion of Arab armies and the subsequent establishment of the rule of Islam over the southern

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1 B. Lewis 1954, p. 16. R. Hodges and D. Whitehouse, in their seminal *Mohammed, Charlemagne, and the Origins of Europe* (1983, p. vii) preface their work with the observation that: "In medieval history, it is no longer fashionable to tackle major issues, and most historians are engaged in detailed analyses of the trees rather than in an analysis of the wood as a whole." This anti-revisionist tendency is often accompanied by reviewer criticism that contributions of primary sources should be lent less credence than modern source treatment of them; and a corollary notion that modern free market economic analysis cannot be applied to medieval free market economic models.

2 Cf. C. Cahen 1955, vol. 3, pp. 93–115; A.S. Ehrenkreutz 1972, pt. 1, p. 104; R. Simon 1989, pp. 17–18.

shores of the Mediterranean – from Spain in the far West to Syria in the East – including some of that sea's most strategic islands.

This innovative interpretation – which concentrated upon trade dimensions that transcended the European continent – generated vociferous international debate for more than half a century. To quote a 1955 statement of the European medieval economic historian R.S. Lopez:[3]

> For the last twenty five years, nearly all that has been written on early medieval economic history has reflected the heat over the thesis of Henri Pirenne.

But Pirenne's graphic prose notwithstanding – as this inquiry will demonstrate – there is no compelling indication within the medieval sources of either the East or the West to substantiate that the rise of the Islamic Empire ever adversely affected the economy of medieval Christian Europe in any significant way.

For while it cannot be denied that the Muslims' fledgling empire did develop certain indigenous economic demands that may have altered the classic trading patterns of antiquity, there is overwhelming evidence that documents that such a commercial diversion as may have occurred did not directly result from overt Muslim hostility. Europe's merchants, in fact, may well have benefitted from the incipient Muslim consumer demand then evolving in the contemporary Near East.

To the contrary, there is powerful source evidence indicating that not only did the Arab Muslims not cast medieval Europe into its early medieval economic abyss, as some orientalist scholarship contends, but that some three to four centuries later, they provided much of the economic stimulus, as well as a multiplicity of commercial instruments, that helped pull Europe up from the "Dark Ages" stifling grip.

For the early Muslims were not inimical to trade. Indeed, Prophet Muḥammad and his first three caliphal successors had been active merchants – and there are 370 references to commerce in the Qur'ān. Within its dynamic first three centuries, in fact, the Islamic realm's *(Dār al-Islām's)* rulers forged a monolithic commercial empire that led its merchants from Japan in the East, across all of Asia and Africa, through Europe in the West.

Yet regrettably, even now, at the onset of the 21st century, far too little attention is paid to the relevance of the spectacular commercial and economic achievements of the Near East societies that sprang up in the

3 R.S. Lopez 1955, p. 74.

wake of the $1^{st}/7^{th}$ century military and political triumphs of Islam. Far too little scrutiny has been focused upon the quite significant industrial role of the southeastern quadrant of the Mediterranean basin in affecting the course of medieval economic history.

B. Islam and Christian Europe's Economic Transformation

This inquiry aspires to an early step in remedying that shortfall. In advancing its hypotheses, it contends that a great deal of the scholarly oversight of the Muslims' significant role in shaping medieval economic history results from a fundamental misunderstanding of contemporary "global" realities – from a failure to fully perceive the importance of commercial and industrial developments in the Near East within their proper context, and an attendant inability to adequately consult, critically evaluate, and then correlate with tangible physical evidence, the compelling testimony of the medieval sources and the documentary support that they present.

For the economic events of the medieval Islamic East and Christian Europe did not evolve in a trade vacuum. To the contrary, they were inexorably linked in an intricate network of international commerce. Consequently, the economies of the medieval Near East and Western Europe did course strikingly parallel trajectories, though with perhaps a one to two century "lag time" for the latter. A key question thus becomes: were these close similarities sheer coincidence or instead part of an overall *causal* process in which ongoing commerce played a vital role.

The findings of this inquiry strongly support the case that the developments were "causal." It demonstrates that a distinct early form of commercial capitalism slowly, but inexorably, evolved in the marketplaces of the medieval Islamic Empire. Reaching its full bloom in the $3^{rd}/9^{th}$–$6^{th}/12^{th}$ centuries, the dynamic of its *modus operandi* made possible a massive Near East trade expansion.

As a result of their commercial contacts with the Italian city states, the Muslims then passed many of their highly developed innovative business techniques on to Venice, Genoa, Amalfi, Gaeta, and Pisa and Marseilles, the very cities wherein many modern economic historians claim that "Western" capitalism was born.

Indeed, employing business methods directly borrowed from the Muslim empire, while concurrently benefitting from the strong economic stimuli that their trade demands produced, the Italian merchants contributed immensely to the precipitation of medieval Europe's commercial renaissance commencing in the $5^{th}/11^{th}$–$6^{th}/12^{th}$ centuries, a prime factor in that continent's eventual emergence from its unfortunate three-centuries-long experimentation in "Dark Age economics."

In objectivity, it must be observed that the medieval Muslims did not "create" many of the commercial tools that they now passed on to Europe; they inherited, adopted, adapted, and improved them. They did not invent a monetary economy – the Lycians, Greeks, and Romans did. The earliest currency issues of the *Dār al-Islām* indicate, in fact, that their initial monetary system was a direct borrowing from those of the Byzantines and the Sāsānids. Because of the Islamic ban on "usury" (*ribā*), moreover, principal banking functions throughout the Near East were likewise all implemented primarily by the Jews.[4]

Many of the Muslims' earliest forms of corporate association, later introduced into Christian Europe by Italian merchants, were likewise developed for the express purpose of accommodating their religious ban on interest-bearing transactions. In this sense, then, it may be argued that medieval "Arab capitalism" initially evolved expressly as a principal byproduct of such an accommodation.

A second caveat is that the term "Muslim trade," as is generally employed, is likewise somewhat of a misnomer. For the trade of the Islamic world was carried out by a quite diverse cross-section of commercial intermediaries – Jews, Copts, Italians, Persians, and Hindus – as well as Arab Muslims.

Yet it was undertaken under the aegis of Arab caliphs ruling in accordance with the classic tenets of Islamic law – as their empire forged a widespread political and industrial hegemony encompassing peoples of many nationalities and creeds. It is this commerce, then, carried out by a broad mosaic of merchants operating under the caliphal banner, that is traditionally historiographically classified as "Muslim trade."[5]

For the abiding economic strength of the medieval Muslims was that they were great accommodators. . . . great assimilators. . . . and great formulators. Just as they had incorporated ancient western philosophy into their own ideology – preserving Greek and Roman arts and sciences in the "Dark Ages" – so also they now adapted the relevant economic practices of other cultures that they encountered.

4 Cf. al-Maqrīzī 1967, "Chapter I," passim.
5 On this, see D. Abulafia 1987, pp. 408–409.

Wherever there were conflicts between these precepts and the teachings of Islam – as in the case of "usury" – moreover, they effectively rationalized them through their "Books of Ruses and Circumventions" (*Kutub al-Ḥiyal wa al-Makhārij)* – purpose-built juridical rationales prepared by their religious scholars to reconcile doctrine and contemporary market demand. To this extent, then, they successfully preserved, enriched, and then extended the economic precepts of antiquity with vital ideological enhancements of their own.

This inquiry demonstrates, in fact, that the medieval Muslims were able to produce their spectacular commercial accomplishments of the early Middle Ages precisely because they were uncommonly adroit at adapting and synthesizing the tenets of their creed with the dictates of economic reality.

For just as they had incorporated Greek and Roman ideologies, and then passed them back to the West in the $5^{th}/11^{th}$–$7^{th}/13^{th}$ centuries, so likewise they transmitted their unique brand of free market-based commercial capitalism into Christian Europe through the Italian city states in that same period. Thus, the early seeds of modern capitalistic practice took root and, richly nourished in the fertile entrepreneurial soil that the Crusades engendered, soon blossomed throughout the entire continent.

Accordingly, this inquiry advances three fundamentally revisionist contentions that strongly suggest that the "Pirenne thesis" might now well be inverted. To wit:[6]

(1) that not only did the Arabs not cast Western Europe into its "Dark Ages" of the $1^{st}/8^{th}$–$3^{rd}/9^{th}$ centuries, as Pirenne and others have argued, but several centuries later, in the $5^{th}/11^{th}$–$7^{th}/13^{th}$ centuries, they provided the key economic demand as well as many of the commercial instruments that helped pull the European continent up from its "Dark Ages" – in so doing, transmitting to the West many of its arche-typic tools of modern capitalism; and

(2) that the Islamic Empire prospered, just as "Carolingian" Western Europe became deeply mired within the morass of medieval feudalism, precisely because Muslim jurists were more intellectually adept than their Christian counterparts in developing exegetical rationales to accommodate

6 Particularly useful in demonstrating this cross-cultural transfer process is the ability to compare actual medieval "Eastern" business instruments reposing within the Genizas with their "Western" counterparts preserved in the analogous "notarial records" of the Italian city states. The same methodological capability and access is true for those medieval Eastern and Western chancery documents available to this inquiry.

their individual religious doctrines on "interest-bearing"capital transactions – which they both classified under the rubric of usury – to ongoing contemporary commercial needs; and lastly

(3) that when medieval Christian Europe finally did emerge from its "Dark Ages," its emergence was due, in no small part, to surging demands of Arab commerce – and because European merchants borrowed the corporate structures, banking instruments, and other fiducial tools originally designed by the Muslims' jurists to adapt their ban on usury to market dictates of ongoing trade – thereby transmitting to the Renaissance West its earliest capitalistic instruments.

This transmission of business technology, in turn, produced a profound economic transformation. For with profit motive thus restored for its indigenous merchants, Western Europe's $5^{th}/11^{th}$ – $7^{th}/13^{th}$ century economy now "took off" in a dramatic ascendancy greatly facilitated by the early Eastern "trade tools" that later evolved into modern Western commercial instruments.[7]

For precisely these reasons, then – and unlike Henri Pirenne, who argued that "without Muḥammad, Charlemagne is inconceivable"– this inquiry finds that Islam helped to rescue medieval Christian Europe from the commercially devastating socioeconomic policies of the emperor Charlemagne and his successors.

It further demonstrates that this achievement was no historical accident – though the key *economic* factors that empowered their remarkable "cerebral contributions" remain largely unexplored within the realm of scholarship. Cognizant of these significant historiographic realities, this inquiry endeavors to explore the crucial underlying socioeconomic bases that made their intellectual achievements immense.

The chapters that follow thus proceed methodically – fully aware that tracing economic and institutional cross-cultural influences can, at times, be an elusive and complex process. Was any particular instrument or technique directly borrowed – or did it develop independently under quite similar or near parallel conditions? In each instance, the findings must be carefully explored to ensure that "causality" is not confounded with coincidence.

Hence, the significant detail accompanying the analyses that follow is warranted – for the conclusions reached *are* revisionist, advancing new economic explanations for medieval Europe's dramatic initial commercial retrenchment and subsequent recrudescence far more plausible

7 See S. Bolin 1953, passim; R. Hodges 1982, pp. 6 ff.

than the politico-military and socioeconomic theses offered by Pirenne and others medievalists of his time. As with greater analytic focus on the *southeast* quadrant of the Mediterranean basin, its economic evolution can now be understood in a more cogent and coherent way.

To quote the eminent Near East medievalist and numismatist A.S. Ehrenkreutz:[8]

> Today, as far as the 'Pirennean debate' is concerned, the time has come when more attention should be devoted to the nature and consequences of the Near East economic developments in the Middle Ages.
> Instead of debating the difficult issue of Mediterranean trade following the Arab conquests, Pirrenean polemicists should consider the position of commerce to the east of the *mare nostrum.*
> Above all, they should admit the very real possibility that the roots of some of the very issues in the Pirennean controversy may well be found in the progressive and constructive policies of the Arab conquerors themselves.

To these ends, analysis explores the crucial medieval Muslim role in shaping the economic renaissance of the Christian West – focusing upon that one critical dimension that much orientalist historiography has missed – the quintessential catalytic *economic* impetus. For while the intellectual brilliance of medieval Islamic civilization has now generally been sufficiently documented as to not require further elucidation here, all of its monumental scholarly achievements would have, in no way, been possible without wealthy patrons willing to invest in the contemporary sciences and arts.

What remains to be studied, then, is the silent, potent force of *social overhead capital* – and the economic dynamic that produced it – that made such civilized development possible.[9] In so doing, it explores the structural underpinnings, as well as the documented success, of the early medieval Muslims' comprehensive religious-based economic doctrine – starting with a broad geopolitical and economic overview of commercial and industrial developments in the classic Islamic era, while culminating with a detailed evaluation of the positive economic and intellectual byproducts of the Crusades.

For these were, in reality, watershed intellectual developments – as the medieval Muslims' seminal "free market" precepts would, in the later Middle Ages, very significantly influence the economic character-

8 A. S. Ehrenkreutz 1972, p. 104.

9 For excellent descriptions of the lofty levels of scientific achievement of medieval Muslim civilization, consult S. N. Naṣr 1976, passim.

shaping of the renaissance West – ultimately providing much of the incipient market demand, as well as many of the capital-driven business tools, that greatly aided Christian Europe in its escape from "Dark Age" feudalism.

Indeed, as Chapter 6.2. makes clear, much Western business vocabulary and its mercantile ideology, its concepts of "profit motivation," its contracts of corporate association and its commercial "tools of trade" – all were profoundly and irreversibly changed by the ongoing, first hand exposure of European merchants to the superior economic methods at work within the Islamic East – with the late medieval "commercial renaissance" that took place in the Christian West a principal byproduct of this monumental transformation.

Hodges and Whitehouse, in their seminal *Mohammed, Charlemagne, and the Origins of Europe,* as noted, preface their work with the observation that in medieval history, it is no longer fashionable to tackle major issues, and most historians are engaged in detailed analyses of the trees rather than in a study of the woods.[10]

This anti-revisionist tendency is often accompanied by the contention that the contributions of primary sources should be lent less credence than modern secondary source treatment of them; and a corollary notion that modern free market economic analysis cannot be applied to most medieval free market economic models.

While these observations may hold true in many economic contexts, however, with respect to the evaluative focus of the present inquiry, the underlying issue is not one of "kind" between industrial models but instead one of "degree" within the same business species – thereby allowing modern economic analytic techniques to be applied in the quest for better answers. [10]

It is to this quest for more definitive economic answers, then, that this inquiry now turns. Analysis commences by exploring both the early medieval decline of Christian Europe and its subsequent commercial recrudescence – examining the critical Islamic role in its stirring economic revival.

Building upon the foundations of existing twentieth century historiography, it begins by addressing the critical question:

> If the rise of the Islamic Empire ("*Dār al-Islām*") did not cause medieval Europe's Dark Age economic suffocation, what did?

10 R. Hodges and D. Whitehouse 1983 , p. vii.

II. Analytic Methodology

At this point, a few methodological notes likewise are in order. To wit:

- Throughout this text, the U.S. Library of Congress transliteration of Arabic will be used, except for certain names now commonly in use; i.e. Egypt's present capital is represented as "Cairo," not "al-Qāhirah."
- All medieval datings will present the "*hijrī* year" followed by its direct Gregorian equivalent; i.e, the occurrence of the "Battle of Ḥunayn," which took place within the 8th *hijrī* and 630th "*milādī*" year, is presented as 8/630.
- Textual references are cited by chapter and principal section. To wit: a reference to analysis appearing in Chapter 1, Section 2, is cited as: "See Chapter 1.2."

Part I

The Christian Decline

Chapter 1

Medieval Christian Europe in Stasis

1.1. What Did Destroy the Entrepreneurial Spirit of Gaul?

If, contrary to the contentions of Henri Pirenne and others, an ongoing flow of trade was maintained between the Muslim East and the Christian West throughout the early Middle Ages, as this inquiry has suggested, what did develop to precipitate the vitiation of entrepreneurial spirit of medieval Gaul – a phenomenon attributed by him to a pervasive Arab trade embargo.

Overwhelming evidence available to this inquiry makes clear that the medieval Muslims played no material role in the loss of economic vitality in Western Europe identified by Pirenne. Indeed, to the contrary, it suggests that they provided both much of the economic demand and the impelling financial ideology that later helped to rescue Christendom from feudalism – with trade driving the monetary and business methods technology transfer processes.

Testimony to these points is compelling – suggesting, in fact, that the onset of the so-called "Dark Ages" in Christian Europe was triggered not at all by exogenous factors but instead almost exclusively by internal developments socioeconomic in cause and precipitated by religious factors.

Indeed, crucial signs of decay in the infrastructure of the Roman Empire had begun already to appear as early as the Third Century A.D., a full four hundred years before the young Muslim merchant, Muammad, commenced his prophetic mission, as analysis will show.

A. Socioeconomic Factors

The many, varied reasons for the decline and fall of the Roman Empire have long been analyzed by a cadre of distinguished medieval historians too lengthy to cite in brief discourse.[1] Their contributions are sufficiently expansive in their scopes and well documented in their narratives as to obviate a need to reiterate or replicate their efforts here.

What is required for purposes of the present analysis instead is to establish, through a synthesis of facts documented in those contributions, that the devastating process of socioeconomic decay that came to afflict the disintegrating remnants of the erstwhile "Roman Empire" had set in long before the rise of the *Dār al-Islām* in the 1st/7th century.

The general consensus of such authorities is convincing – concurring that during the first two Christian centuries, the domains of the Empire had experienced wide-spread peace and prosperity. There were extravagant and incompetent emperors in the first century, to be sure.

But in the second century, able, intelligent rulers were usually at the helm. The empire's borders were largely kept intact, stability was maintained within them, and general conditions of order propitious to productive enterprise were preserved. In this favorable economic milieu, then, merchants, investors, financiers, and contractors flourished, as did large landowners.[2]

It was in the succeeding era, much lamented by Rostovtzeff as the "ordeal of the Third Century," that traumatic political and physical developments started to set in – as debilitation, plague, civil war, and barbarian attacks began to undermine the socioeconomic infrastructures of nearly every province of the Empire. Labor now became scarce, as workers fled their workplaces due to general insecurity, and most commercial activities concomitantly declined.[3]

A devastating fiscal paradox also now evolved. For while an ever-larger army was required to put down the mounting threats to external security, the resulting demands upon imperial tax resources required to

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1 Foremost among them, of course, are E. A. Gibbon 1969; F. Lot 1927; M. Rostovtzeff 1926; H. St. L. B. Moss 1936–37; W. Bark 1958; G. Luzzatto 1961; and A. Bernardi 1970.

2 On this topic, see H. Heaton 1948, pp. 53 ff.

3 On these developments, see G. Luzzatto 1961, pp. 3 ff.; H. Heaton 1948, pp. 53 ff.; H. Adelson 1962, p. 20; S. Clough 1968, pp. 70 ff.; A. Bernardi 1970, pp. 32–38; R. LaTouche 1967, pp. 20 ff.; J. W. Thompson and E. N. Johnson 1937, pp. 14 ff.

sustain that military from a revenue base now shrunken by war, plague, and "labor flight" made taxation onerous. But in spiraling fashion, the unrest engendered by the increased tax burden undermined the internal security further still.

For the great classic historian Ferdinand Lot, this "crisis of the third century," from an economic standpoint, was the precursor of the Middle Ages. For as a result of the ongoing fiscal crisis, he maintains, Rome's well-established cash economy regressed into a "natural state."[4]

Similarly synopsizing such developments, the distinguished Italian economic historian Aurelio Bernardi asserts: [5]

> A dangerous vicious cycle likewise now came into action. Increased expenditures on the army, the bureaucracy, and state welfare commitments brought about continual unbearable tax pressures.
> Tax pressures grew heavier, and the tendency to evasion – illegal or legitimate – on the part of high officials and large landowners, was increased. Evasion on the part of the '*potentiores*' was incessant and the pressure of taxation came to be concentrated upon the middle classes who, in one way or another, refused to pay tribute to the State.
> This vicious cycle could only lead to one result, that which shows itself in the course of the fifth century. The bankruptcy of the enormous State came at the same time as small privileged groups, while they evaded taxation, heaped up riches and created around their villas economic and social microcosms, cut altogether off from the central authority.
> It was the end of the Roman world. It was the beginning of the Middle Ages.

Notwithstanding such serious socioeconomic and social interventions, however, the true "coup de grace" to the economy of imperial Rome' may well have been administered by the decision of Constantine I midway through the fourth Gregorian century to form a new capital at Constantinople – thereby splitting the erstwhile empire in half – and taking with him some of its richest provinces. For thereafter, the fall of Rome became one not of "if," but just of "when."[6]

Accordingly, by the 1st/7th century's onset, the ancient "Western Empire" was in final stages of its political and economic disintegration. Its industrial base was in shambles, and so bad was its commercial decay, the contemporary Church chronicler Gregory of Tours notes, that mid-

4 F. Lot 1927, pp. 96, 259.
5 A. Bernardi 1970, p. 81.
6 On this, see W. Bark 1958, pp. 34–35.

way through the sixth Gregorian century, the Bishop of Verdun had to beg a loan of 7,000 gold *solidi* from his archenemy King Theudebert to rescue the merchants of his city from utter financial collapse. So desperate was he to preserve the waning economic strength of his diocese, in fact, that, in direct contravention of the canons of the Church, he promised to pay it back *with interest*.[7]

E. A. Gibbon, whose monumental *Decline and Fall of the Roman Empire* is generally deemed to be the defining contribution to the topic, assesses the demise of classic Rome thusly: [8]

> Instead of now inquiring why the Roman Empire was destroyed, we should rather be surprised that it subsisted for so long.

To which, ancient European scholar, M. P. Charlesworth, concurs:[9]

> The marvel is not that the Empire was in so poor a state in the Fourth Century, but that it was in any state at all.

B. The Church

In attributing the origins of imperial Rome's precipitous decline to endogenous socioeconomic and institutional factors setting in as early as the 3rd Gregorian century, the Muslims are thus effectively exonerated as an incipient cause of the onset of many of Christian Europe's 1st/7th grave commercial and economic maladies identified by Pirenne. Indeed, the region's internal conditions would continue to deteriorate.

For under the regime of Rome's successor dynasty, labeled by the European economic historian Robert LaTouche the "feckless Merovingians," the disintegrating Empire's economic *raison d'état* could be called, most charitably, a mere holding action aimed at arresting overall decline.[10]

There would now be no great commercial recoveries. There would be no "grand strategy" designed to resuscitate the faltering economy. Indeed, the entire record of Merovingian rule is characterized by utter fiscal recklessness, continuing economic decline, and a widespread de-

7 Gregory of Tours 1986, chap. 3, no. 34; R. Hodges and D. Whitehouse 1983, p. 169; R. LaTouche 1967, p. 167.
8 E. A. Gibbon 1969, as cited in S. Dill 1900, p. 129.
9 M. P. Charlesworth, as quoted in H. Heaton 1948, p. 53.
10 R. LaTouche 1967, p. 137.

basement of its coinage to fund spending excesses.[11] Admittedly, some of these developments did occur concomitant with the rise of Islam. But as previous analysis has shown, the economic vitiation that attended them was demonstrably not a product of Muslim handiwork.

One innovation that commenced under the Merovingians, though not attributable to them, that did accelerate the gradual demise of the economy of Gaul, however, is worthy of serious analysis and comment. That development was the ever-increasing intervention of the Church into the heretofore secular affairs of the State.

The "Battle of Tours," occurring in Sha^{c}bān 114/October 732, is heralded in the histories of the Christian West as a seminal event in which Charles Martel, the mayor of Paris, "rescued" medieval Europe from the overwhelming imminent threat of Islamic *political* subjugation.[12]

But in retrospect, that same event may be equally viewed as the singular event that doomed Western Europe to its *economic* subjugation in the Dark Ages. For many of the adverse economic phenomena then afflicting that continent identified by Pirenne as commencing with the onset of the 2nd/8th centuries can effectively be directly traced to a series of developments set into motion by this memorable victory of Martel.

Commemorating the "Battle of Tours" as a watershed in human history, historian Sir Thomas Arnold considers it "among those signal deliverances that for centuries have affected the happiness of mankind."[13] E. A. Gibbon, in noting Arab military accomplishments of the preceding century, similarly asserts:[14]

> A victorious line of march had been prolonged above a thousand miles from the Rock of Gibralter to the Banks of the Loire River. Repetition of an equal space would have carried the Saracens to the confines of Poland and the highlands of Scotland; the Rhine is not more impassable than the Nile or Euphrates; and the Arab fleet might well have sailed without a naval combat into the mouth of the Thames.
> Perhaps the interpretation of the Koran would today be taught in the schools of Oxford, and her pulpits might demonstrate to a circumcised people the sanctity and truth of the revelation of Muḥammad.

11 On these developments, see R. LaTouche 1967, pp. 97 ff.

12 See al-Dabbī 1884–1885, p. 353; P. Hitti 1970, pp. 500–501.

13 T. Arnold. *A History of the Later Roman Commonwealth,* cited in M. Enan 1939, p. 68.

14 E. A. Gibbon 1969, vol. 5, chapter 52, pp. 398–399.

"From such calamities," adds Gibbon, "was Christendom delivered by the genius and fortune of one man."[15] That man, of course, was Charles Martel.

From a military standpoint, much, perhaps much too much, has been made of the historic significance of the "Battle of Tours." Within the Arabic chronicles, those historians who do mention it at all do so as a mere footnote documenting a battle of perceived little importance.

Ibn ᶜAbd al-Ḥakam, the author of the most authoritative account of the Arabs' capture of North Africa: *Futūḥ Miṣr wa al-Maghrib wa Akhbāruhā* (*Conquest of Egypt and North Africa and Accounts of Them*), mentions it only in passing in documenting the accomplishment of one ᶜUbdaydah b. ᶜAbd al-Raḥmān, the Muslim Governor of North Africa and al-Andalus. To wit:[16]

> ᶜUbdaydah had given authority over Spain to ᶜAbd al-Raḥmān b. ᶜAbd Allāh al-ᶜAkkī. ᶜAbd al-Raḥmān was a notable man who made expeditions against the Franks. They are furthermost of the enemies of Spain. He gained great booty and overcame them. . . . Then, he embarked on another excursion and he and his companions suffered martyrdom for Islam. His death occured in 114 (732).

Other Arab historians, such as the famed universal chronicler al-Ṭabarī, and Ibn Qūṭīyah, the first Arab historian of Muslim Spain, on the other hand, do not refer to the engagement at all. Yet from a Christian standpoint, it was, in many ways, both the cause of, and precursor to, the devastating "Dark Age cataclysm" that Pirenne attributes to Muslims.

For under the patronage of Charles Martel and his successors – and at the direction of Bishop Boniface, St. Wilfred, and other bishops and monks imported by Martel and his successors from England and other parts of northwest Europe to aid in organizing and "civilizing" the subjects of his realm – the Church gradually came to play an increasingly leading role in the secular administration of the State.[17]

It was St. Boniface himself who led a major reformation movement by seeking a return to the fundamental conservative precepts of the Church. He commenced by crowning Charles Martel's son, Pepin III, as the first Carolingian king in 133/751 – after the latter had sent an

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15 E. A. Gibbon 1969, pp. 398–399.

16 Ibn ᶜAbd al-Ḥakam 1922, pp. 216–217.

17 See J. W. Thompson and E. N. Johnson 1937, pp. 218–219; N. F. Cantor 1967, pp. 209 ff.; J. Strayer and D. Munro 1959, pp. 86 ff.; C. Oman 1959, p. 234.

envoy to the Pope querying that, since he held power, was it not right that he also hold the title of "king?"

With papal concurrence, then, Pepin III convened an assembly of Franks at Soisson, where, the medieval Church histories note:[18]

> In accordance with the command of the Pope, he was called "King of the Franks" and anointed to the dignity of this honor by Boniface.

Sources claim that in reward for his lead role in thus establishing the Carolingian line of dynastic heirs, St. Boniface was granted a formal document providing him official protection of the State in perpetuity.[19]

Thereby duly enfranchised, he now set out on his pioneering work of religiously reforming the Carolingian realm – as at his direction, synods held in the early 740s A.D. called for the full restoration of the orthodox teachings of the Church, including a return to its key economic tenets of penury and abstinence.

The religious installation and subsequent political contributions of St. Boniface in Gaul represented a sea change in medieval European history. Of his seminal role in reshaping the continent's socioeconomic constitution, the medieval historian James Westfall Thompson writes: [20]

> Through St. Boniface's hands ran all of the threads of history of the first half of the eighth century – and from those threads were spun Europe's future.

Indeed, one of the contrasts between Europe before and after the early 2nd/8th century Carolingian ascendancy defined by Pirenne himself was that between a secular and a clerical society:[21]

> Finally, its (the "Kingdom's" = *regnum Francorum's*) relations with the Church were completely modified. The Merovingian state, like the Roman Empire, was secular. The Merovingian king was *rex Francorum.* The Carolingian king was *Dei gratia rex Francorum.*"

Yet Pirenne, while noting the *linguistic* significance of this major bureaucratic development, appears to have totally missed the *socioeconomic* consequence of the profound political transformation that had

18 *MGH: Annales Regni Francorum* 1895, p. 9; R. H. C. Davis 1970, pp. 131 ff.; M. Scott 1964, pp. 26 ff.

19 *MGH: Epistolae Selectae: Boniface,* vol. 1, p. 212; J. Wallace-Hadrill 1975, p. 147.

20 On these developments, see J. W. Thompson 1959, vol. 1, pp. 210 ff.

21 H. Pirenne. *Muḥammad and Charlemagne,* in A. F. Havighurst 1958, p. 34; see also H. Trevor-Roper 1965, pp. 95 ff.

now transpired. The society of Western Europe before Charlemagne, as he correctly asserted, had indeed been secular. Under the Roman Empire's auspices, Christianity owed its initial establishment to Constantine I and its continuing existence to the goodwill of the State. Therefore, the institution of the "Church" was subordinate to the institution of the "State," and the clergy to its bureaucracy.

But now this role would be reversed – as gradually throughout the $2^{nd}/8^{th}$ century, the religious hierarchy gained ascendancy at the expense of the secular bureaucracy. For the clergy – led by Anglo-Saxon and Irish churchmen devoutly loyal to the Papacy, while acting under the direction of Bishop Boniface and the Northumbrian Monk Alcuin – were steadfastly determined to reorder Gaul's administration in accordance with "God's will."

Their intended approach was enunciated in the words of Alcuin, headmaster of the "Palace School," addressed to Charlemagne:[22]

> May the Ruler of the Church be rightly ruled by you, O King, and mayest thou be ruled by the right hand of the Almighty.

Charlemagne's perception of his role, and that of the Church, as described by Alcuin, in turn, is clear in the former's letter to the Pope dated 180/796:[23]

> Our task is, with the aid of 'Divine piety,' to defend the 'Holy Church of Christ' with arms against the attacks of pagans and devastations by infidels from without; and to fortify it from within with the knowledge of the Catholic faith.
> Your task, Oh, most Holy Father, is to lift up your hands, like Moses, so as to aid our troops; so that through your intercession, the Christian people may, with God as their leader, always and everywhere, be victorious over the enemies of His Holy name, so that the name of our Lord Jesus Christ may be glorified throughout the world.

Thus, with this profound pronouncement, the Church was elevated to the status of an instrument of State – a "Ministry of Divine Intercession" existing to support the fullest implementation of the "knowledge of the Christian faith," as then defined by Charlemagne and his religious mentors.

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22 *MGH: Epistolae Karolini Aevi,* 1891, vol. 2, no. 93; R. H. C. Davis 1970, p. 146.

23 On this, see M. Scott 1964, pp. 31 ff.; R. H. C. Davis 1970, pp. 148 ff.; H. Trevor-Roper 1965, pp. 95 ff.; J. Strayer and D. Munro 1959, pp. 86 ff.; N. F. Cantor 1967, pp. 209 ff.; F. L. Ganshof 1963, pp. 16 ff.

This latter function, "definer of knowledge of the faith," soon became Monk Alcuin's mandate. For the "Palace School" was but one of his responsibilities. He concurrently served as the Crown's "educational advisor" – and in this lofty role, he enjoyed significant rule-making authority. Indeed, through a series of edicts that were announced at annual Church Councils, he and Charlemagne set into motion the process of transforming Gaul into a theocratic state.

Their efforts culminated on Christmas Day 800 (3 Dhū al-Ḥijjah 184/25 December 800) with the crowning of Charlemagne by Pope Leo III as the first "Holy Roman Emperor." On that day, the "Holy Roman Empire" was born, and with it, its Monarch was joined in rank and power with the Papacy at the Holy See.[24]

This was a monumental transformation. For now, the formal edicts (*capitularia*) of the Monarch, *ipso facto,* were blended with the doctrine of the Church – and the results were reverberating. One need only recall, almost at random, the teachings of Biblical Scriptures, to perceive the potentially stifling impacts of the economic constitution that now came to be imposed upon the commerce of Gaul by this usurpation by the clergy of its secular affairs.[25]

There were, for instance, the Biblical admonitions warning of the "cursedness of the rich:"

> But woe unto you who are rich, for you have received your consolation.[26]
> It is far easier for a camel to pass through the eye of a needle than for a rich man to enter the Kingdom of Heaven.[27]
> If any will come after me, let him deny himself and take up the cross and follow me.[28]

24 Cf. H. Trevor-Roper 1965, pp. 96–100; J. Strayer and D. Munro 1959, pp. 88–90; J. Strayer 1955, pp. 47 ff.; C. Oman 1959, pp. 324 ff.; N. F. Cantor 1967, pp. 210 ff.; H. St. L. B. Moss 1965, pp. 201, 233 ff.; F. L. Ganshof 1963, pp. 16 ff.; M. Rowling 1968, pp. 26–27.

25 It may be more than mere coincidence, then, that this monumental transformation in Europe took place circa the 820s A.D., just as there was a concurrent perceptible downturn in Islamic-Central European trade as well as a violent onset of devastating civil unrest in the precious metals-producing regions of the Arabian Peninsula. (On these developments, see R. Hodges and D. Whitehouse 1983, pp. 160 ff.)

26 Luke 6:24.

27 Matthew 19:24.

28 Matthew 26:24.

There was also the formal commemoration of the "blessings of poverty," as reflected in the "Sermon on the Mount:"

> Blessed are the poor, for theirs will be the Kingdom of God;[29]

and the counsel to the rich man:

> If thou wilt be perfect, go sell what thou hast, and give to the poor, and thou shalt have treasure in Heaven.[30]

At the same time, Biblical parables, such as that of "Lazarus and the Rich Man," were being deeply ingrained into the human conscience.[31] Concurrently, such austere admonitions were being accompanied by unequivocal Biblical bans on interest-bearing commercial transactions:

> Thou shalt not lend upon usury to thy brother; usury of money, usury of foodstuffs, or usury of anything that is is lent upon usury;[32] and
> If thou lend money to any of my people who are poor, thou shalt not be unto him a usurer, neither shalt thou impose upon him usury.[33]

Accordingly, the "righteous individual" is described as:

> He who putteth not out his money to usury, nor taketh reward against the innocent;[34] and
> He who hath given not forth upon usury, neither has he taken any increase, he is just, he shall surely live, saith the Lord God.[35]

More significantly, from a commercial standpoint, such Scriptural admonitions had already been codified into a lengthy body of ecclesiastical "administrative law" through the edicts of a series of Church synods. As early as the fourth Gregorian century, for instance, the Twentieth Canon of the "Council of Elvira" had ruled that:[36]

> If a cleric is convicted of practicing usury, he shall be disgraced and excommunicated. If, on the other hand, it is proven that a layman has indulged in usury, he shall be forgiven, but only on condition that he stop the practice

29 Luke 6:20.
30 Matthew 19:21.
31 Luke 19–31.
32 Exodus 22:25.
33 Deuteronomy 23:19.
34 Psalms 15:5.
35 Ezekiel 24:12.
36 *MGH: Canones Apostolorum et Conciliorum Saecularum,* 1839, IV, V, VI, VII, "Pars Altera," vol. 1, p. 5.

and not repeat the offense. If he does repeat this sin, then he shall be expelled from the Church."

In 538, the "Council of Orleans" similarly felt obliged to forbid all clergy from lending money at interest, or to trade "as professional merchants," or "out of abject greed for filthy lucre."[37] Charlemagne's favorite author, the fifth Gregorian century Christian theologian St. Augustine (d. 430), in his famed work *De Civitate Dei* ("The City of God"), lent vivid expression to the single-minded quest for poverty and monasticism that then characterized his era:[38]

> When we have ample food and clothing, let us content ourselves with those things. Those who would be rich fall into temptation and traps, and into most injurious desires, which will ultimately drag them into death and utter destruction. For covetousness is the root of all evil.

Temporal life, by definition, is transitory and to be despised,[39] he continued, and seeking to acquire wealth should be totally abjured, since it does no good in the afterlife.[40] The *Zeitgeist* that prevailed was exemplified by St. Jerome, yet another leading 5th Gregorian century Church figure, in his sweeping conclusion that:[41] "A merchant can only please God with great difficulty."

The Church's absolute ban on usury, which it equated with all interest-bearing transactions, was thus founded on powerful and longstanding Biblical precepts, as reinforced by the writings of the Church fathers and promulgated through canonic law. As enunciated by the 6th/12th century Monk Gratian, the sin of "usury" was a *precept absolute*, involving:[42]

> the receiving of more than the original sum lent, not only of money alone, but of anything in kind... Any excess demanded, though it be a small gift, is usury.

37 *MGH: Canones Apostolorum et Conciliorum Saecularum,* 1839, vol. 1, p. 82; A. Dopsch 1937/1953, pp. 345, 376.

38 St. Augustine. *Die Civitate Dei* 1941–46, vol. 1, p. 32; R. LaTouche 1967, pp. 50–51. Not surprisingly, according to La Touche, the writings of St. Augustine would later become the "favorite readings of Charlemagne."

39 St. Augustine. *Die Civitate Dei* 1941–46, vol. 1, p. 31; in the Latin: "*Temporalem vitam quam boni contemnere debent.*"

40 St. Augustine. *Die Civitate Dei* 1941–46, vol. 1, p. 32; in the Latin: "*Nihil enim intulimus in hunc mundum, sed ne auferre aliquid possumus.*"

41 H. Pirenne 1974a, p. 123

42 On this, see T. P. McLaughlin 1939–40, pt. 1, pp. 81–147, pt. 2, pp. 1–22.

Where there was conflict between canonic law and secular law – as in the *Codex of Justinian*, which had acknowledged the utility of payment of some interest on a debt – the Church exegetes asserted that the *canonic law,* because of its superior religious basis, took precedence over all civil codes. Indeed, predicated upon the argument that capital was "sterile,"and could not fructify, one canon even went so far as to contend that "trade can scarcely, if ever, be pleasing unto God."[43]

In tandem, the great virtues of an "ascetic life" were held out as an exemplar by the Church throughout the Middle Ages. So committed was the 4th/10th century Count, St. Gerard of Aurillac, to the lifestyle implicit in his own "vow of poverty," it is said, that when he discovered, *ex post facto,* that he had paid less *at retail* for a cloak in Rome than the price for which a Venetian merchant had purchased it *at wholesale* in Constantinople, he immediately sent a messenger on a mission to return to the merchant a reimbursement to him for the balance lest he inadvertently achieve an "ill-gotten gain."[44]

Thus caught up in the surge of religious zeal that characterized the ongoing quest to earn a secure place in Heaven by living in abject wretchedness on earth, many common citizens would now sell all of their property and possessions and donate the proceeds to the Church. The 'wealth of the dead,' which had been interred with them in pagan Roman times, likewise was often donated to the Church in a formalized ritualistic effort to secure for them a seat in Heaven.[45]

Hence, profit motive, the ability to take interest on capital, and the innate quest for material gain that drives all productive economic endeavor in an open free market system – all were now effectively suffocated by a Church relentlessly committed to ensuring the redeeming merits of poverty for the masses to the enhancement of its own coffers. For curiously, the early Christian fathers conceded only the Jews to be properly enfranchised to indulge in capital interest-bearing transactions as lenders, due to a proviso in Deuteronomy that held:[46]

> Unto a stranger, thou mayest lend upon usury, but unto thy brother, thou shall not lend upon usury.

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43 N.J.G. Pounds 1974, pp. 405–406.

44 *Patrologiae Cursus Completus, Series Latina*: 1844–1864, I 27, no. 123, col. 658, passim.

45 A. Dopsch 1937/1953, pp. 319–321; G. Duby 1974, pp. 231–232.

46 Deuteronomy 23:20; G. Duby 1974, pp. 231–232.

Accordingly, would-be Christian businessmen of 2nd/8th century Gaul now found themselves in the somewhat anomalous position of being able to borrow money from their Jewish counterparts at interest, and pay money to Jews and other commercial intermediaries to conduct mercantile transactions on their behalf. But they could not employ their own capital to serve their own economic interests, because the pursuit of capitalistic endeavor – the profit motive that is the sustaining lifeblood of all commerce – had been legislated out of existence by the tenets of their faith.

Assessing the economically devastating impacts of these developments in documenting *The Birth of Western Economy,* the European economic historian Robert LaTouche laments:[47]

> For several centuries, Western Europe was deprived of its financiers, bankers, great merchants, and contractors; in other words, specialists in production and exchange. It wasn't until the eleventh century that a new and wealthy, or at least well-to-do class – the *bourgeoisie* – now freed from the prejudice of the military aristocracy – would place these despised activities once again on an honorable footing.

The destruction of such entrepreneurial qualities, he continues, had been:[48]

> sanctioned by the Church, which even more thoroughly in the earlier centuries than in our day, inculcated into its followers an utter contempt for worldly possessions.

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47 R. LaTouche 1967, p. 47.

48 R. LaTouche 1967, p. 47. As a result, because of the Church's total ban on interest-bearing transactions imposed by the Holy Roman Empire's church-state ruling condominium, medieval Christian merchants for the next three centuries would concurrently be effectively denied the broad variety of flexible capital, credit, and fiducial instruments that they needed to engage in foreign trade. The medieval European economic historian N. J. G. Pounds (1974, pp. 405–406), who contends that "the institution of credit was at the heart of the commercial revolution," defines the deep-seated problem thusly:

> One of the most severe obstacles to the development of trade in the ancient world was the failure of the classical civilizations to evolve any adequate instruments of credit. If they had done so, the strictures of the Church Fathers upon the practice of usury might have been less severe, for in the long run, Christian moral values always adjust themselves to economic necessity.

Instead, Pounds continues that:

> For much of the Middle Ages, the Church formally condemned the taking of interest on a loan, however that loan might be disguised, and it required great ingenuity on the parts of the canonic lawyers to reconcile the most elementary of necessary practices with the teachings of the Church.

Thus, with the Church's "corporate ethic" now transformed from canon into law, the triumph of Christian morality was complete. But this great triumph of Christian morality, in practicality, simultaneously became the economic salvation of the Jews. Indeed, even the Church, on occasion, found no compunction in borrowing from Jewish business people their "ill-gotten" capital gains.[49]

Small wonder that Jews and Greeks and Syrians became the prime intermediaries of commerce of Christian Europe. Small wonder that the innate "entrepreneurial spirit of Gaul" was now snuffed out, its professional merchant class destroyed; or that Europe, superficially at least, appeared to revert to a "natural economy characterized by barter." Such barter was, in reality, the only economic recourse left for God-fearing Christians seeking productive merchandise exchange.[50]

For because of the self-professed utter contempt of the Church for such vain worldly possessions, Christian Europe was now deprived of indigenous investors, financiers, bankers, merchandising consortia underwritten by pooled capital, and all of those attendant capitalistic business tools of production and exchange needed for a free market economy to function and progress. *This* is the economic phenomenon of the Middle Ages that historian Ferdinand Lot succinctly identifies as:[51]

> "la maladie religieuse."

This factor likewise explains, in large part, why the economy of Western Europe now sank into the deep morass of its "Dark Ages" – sacrificed on the altar of the "blessings" of wretchedness and abject poverty. For in short, Christian Gaul was an economy put out of gear – not by Arab Muslims but rather by the all-too-zealous enforcement of its doctrine and creed – with the soon-to-be emerging feudalism that characterized its Middle Ages the inexorable result.

As the power and moral authority of the Church grew steadily throughout the first quarter of the 3rd/9th century, moreover, so did its ability to enforce its immutable ecclesiastic injunctions. Indeed, not only did its societal impact and economic influence increase continuously in this era, but the attendant clerical encroachment upon the secu-

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49 See G. Duby 1974, pp. 231–232; R. LaTouche 1967, pp. 164–169; P. Boissonnade, 1987, pp. 109 ff.; L. K. Little 1983, pp. 42 ff.

50 On this, see H. Pirenne 1974b, pp. 172–173; idem. 1974a, p. 46; see also R. S. Lopez 1987, vol. 2, p. 258; M. Bloch 1961, vol. 1, pp. 66 ff.

51 F. Lot 1927, pp. 59, 211; S. Clough 1959/1968, pp. 74–75.

lar processes of government gradually became formalized as official procedure under the Carolingian Monarchs, who religiously took to promulgating the doctrine of the Church as the "constitution" of the realm.

In his *"Admonitio Generalis"* of 173/789, for instance, Charlemagne ruled that the "sanctions-invoking" ban on lending at interest should be universally applied, and not just to the clergy [52] – and in his *Capitulary of Nijmegen* dated Rabīᶜ II 190, March 806, he explicitly defined the crime of "usury" thusly:[53]

> Clause 11. Usury consists of claiming back more than you give. For instance, if you have given ten *solidi* and ask for more back, or if you give a hogshead of wheat and then demand one extra.
> Clause 14. Avarice consists of coveting other people's goods, and in then not giving them to others when one has obtained them. The Apostle declares this to be the root of all evil.
> Clause 15. Those who by various guiles dishonestly set out to amass goods of all kinds with the express aim of making money are acquiring 'ill-gotten gains.'
> Clause 16. Lending consists of providing something: *the loan is only fair and just when you claim back no more than you provided* (author's italics).
> Clause 17. All persons who, at harvest time, or when the grapes are gathered, acquire corn or wine that they do not need, but gain simply through an underlying motivation of greed; for instance, buying a hogshead for two *deniers* and keeping it until they can sell it again for six *deniers* or even more, are guilty of what we call 'dishonest gain.'
> If, on the other hand, they buy it because they need it, so as to keep it for themselves or to give it away to others, this is a 'business transaction' ('*negocium*').

Indeed, in 193/809, by imperial edict, Charlemagne fixed the penalty for this heinous "crime of usury" at the substantial level of sixty *solidi*.[54] Charlemagne's son and successor, Louis the Pious, moreover, replicated, and even expanded upon, many of these edicts – at the same time, stipulating by decree that the Jews were subject to their own laws, and hence, were not bound by Christian interest prohibitions.[55]

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52 *MGH: Legum Capitularia Regum Francorum*, 1883/1897, vol. 1, pt. 1, p. 54.

53 *MGH: Legum Capitularia Regum Francorum*, 1883/1897, vol. 1, pt. 1, p. 132; G. Duby 1974, p. 109; R. LaTouche 1967, p. 309.

54 *MGH: Legum Capitularia Regum Francorum*, 1883/1897, vol. 1, pt. 1, p. 219; see also G. Duby 1974, pp. 107–108.

55 *MGH: Formulae Imperiales e Curia Ludovici Pii*, 1886, pp. 309–310.

With Europe's indigenous entrepreneurs effectively hamstrung by the Church's willful elimination of economic incentives to engage in productive enterprise, then, industrial and commercial enterprise on their part consequently, and understandably, diminished markedly – as interest-concealing business transactions evincing the semblance of "barter" now became quite commonplace, as subsequent chapters of this inquiry will demonstrate.

For only through commercial contracts that nominally documented the trading of a horse for grain, or spices for a pair of boots, could any capital-driven productive mercantile activity continue. As Christendom's "profit system," over time, continued to erode, moreover, the system of town life upon which it was directly predicated correspondingly declined, as Pirenne himself has properly observed.[56]

Consequently, the carefully constructed Roman imperial system of local administration also fell before the edicts and increasingly pervasive influence of the religious establishment – as the Church itself effectively moved in to fill the administrative, commercial, and industrial voids that it had established through its own doctrinal rigidity.

For a curious operational symbiosis now set in between Church and State – as with a precipitous decline in formal municipal administrative infrastructure caused by the aforesaid breakdowns in the economic systems upon which they had been based, the Church proceeded to retrofit its own administration into the erstwhile framework of imperial local government while concurrently setting up its newly created bishoprics in the towns to ensure continuity of rule. With all of Christendom under its hegemony, therefore, it established the bases for a revolutionary new continental socioeconomy.

Indeed, building upon this feudalistic foundation, properties held by the Church now came to be bestowed as *beneficia* ("benefices") to be administered by the counts and lords whose services – both military and civil – were critical to the Crown. As a consequence of the synergies produced by these interactive developments – the decline of the private sector, the ascendance of the Church, and the "farming out" of Church

56 See H. Pirenne 1974a, pp. 42 ff., pp. 60 ff.; R. S. Lopez 1987, vol. 2, pp. 212–213; R. LaTouche 1967, pp. 97 ff.; P. Boissonnade 1987, pp. 159 ff.; A. Wildavsky and C. Webber 1986, pp. 148 ff.

property – then, a new hybrid Church-State form of government soon developed, and medieval European feudalism was born.[57]

Pirenne himself also notes that the clergy had come to play an enhanced role in the operation of Carolingian civil and business affairs, though not without some confounding of cause with effect:[58]

> It became more conspicuous through the granting of charters of immunity which the Frankish kings issued in their own favor. By virtue of these charters, the bishops were thus freed from interference of the counts in their ecclesiastical *demenses*.
> They were instead invested from that time on with a full, complete suzerainty over their people and their properties. To "ecclesiastic jurisdiction" over the clergy which they already had was now added a new "lay jurisdiction," entrusted to a tribunal created by them whose principal seat was fixed, naturally, in the town where they had their residences.
> When the disappearance of trade, in the ninth century, annihilated the last vestiges of city life and put an end to what still remained of a municipal population, influence of the bishops, already extensive, became unrivaled; as henceforward, the towns were entirely under their control. In them were to be found, in fact, practically only persons dependent, more or less, directly upon the Church.

Concurrently, the monasteries and abbeys themselves came to increasingly play important roles in the conduct of economic affairs. Monks became the "captains" of local industry. They developed agricultural production. They maintained most of the municipal services. They engaged in the pursuits of commerce and conducted trade fairs – and likewise employed lay merchants to assist them in their mercantile undertakings. In short, the Church now assumed, and indeed preempted, most of the major economic functions of the realm.[59]

The Church was likewise often granted formal trading franchises and special tax concessions from the State to further enhance its revenues from trade. A royal edict issued by King Pepin III on 2 Muḥarram 136/8 July 753, for instance, ceded the full proceeds of market tolls of

57 On these developments, see J. W. Thompson 1959, vol. 1, pp. 214–217; H. Pirenne 1974a, pp. 64 ff.; R. LaTouche 1967, pp. 103 ff.; P. Boissonnade 1987, pp. 154–155.

58 H. Pirenne 1974a, pp. 65–66.

59 See J. W. Thompson 1959, vol. 1, pp. 264–266; idem. 1915, pp. 870 ff.; D. Munro and G. Sellery 1914, pp. 133–135; R. LaTouche 1967, pp. 89 ff., 192 ff.; G. Luzzatto 1961, pp. 20–21, 112 ff.

Paris that were collected during the yearly "Festival of St. Denis" to the Monastery of St. Denis.[60]

Another edict issued by Charlemagne in 183/799 provided immunity from market tolls to the Monastery of St. Germain des Prés, and also granted to it all of the proceeds from the market tolls of Villeneuve.[61] In 228/843, the Monastery of Cormery was granted exemption from all trade tolls on the Loire, Seine, Marne, and Sarthe rivers.[62] In 238/852, the Church of St. Symphorian near Tours was also granted special port facilities on each of the banks of the Loire River.[63]

In 239/853, the Monastery of St. Wandrille acquired from the State all rights to the "Port of Caudebec"on the Seine River.[64] In 245/859, the Church of St. Germain d' Auxerre was exempted from all commercial tolls imposed within its region;[65] and the monks of Beaulieu were likewise exempted from tolls and awarded special market rights in that same year.[66]

In 246/860, the Church of Urgel was granted one-third of all publicly collected revenues resulting from commerce transacted within the boundaries of its diocese.[67] In 248/862, the Monastery of St. Urbain obtained exclusive rights to establish and administer "weekly markets" within the territories of its bishopric.[68]

In 250/864, the Monastery of St. Denis acquired the market rights in Pontoise; and in 253/867, the Monastery of St. Vaast was granted all commercial rights to the "Port of Berneval" by the State.[69] Hence, by the end of the $3^{rd}/9^{th}$ century, the Church establishment had acquired not only authority to impose its canonic law as secular law but a significant amount of formerly state-held economic infrastructure and a tax-levying capacity as well.

60 *Diplomata Karolinorum I: Pépin le Bref, Carloman, Charlemagne,* 1940, vol. 1, no. 6, pp. 6–10; on this topic, also see D. Munro and G. Sellery 1914, pp. 135 ff.

61 *Diplomata Karolinorum I: Pépin le Bref, Carloman, Charlemagne,* 1940, vol. 1, no. 122, pp. 170–171.

62 *Recueil des Historians des Gaules et de la France*, 1760, vol. 8, p. 450.

63 Ibid., vol. 8, p. 520.

64 Ibid., vol. 8, p. 522.

65 Ibid., vol. 8, pp. 59–60.

66 Ibid., vol. 8, p. 555.

67 Ibid., vol. 8, p. 562.

68 Ibid., vol. 8, p. 584.

69 Ibid., vol. 8, p. 59.

Indeed, because of its commercial, industrial, and agricultural undertakings, the Church now grew exceedingly rich at the expense of both the masses and the State. For in addition to commercial, industrial, and tax revenues, it likewise enjoyed the support of personal contributions of those private citizens inspired by its exhortations that they commit themselves to a life of poverty.

From the devout, it received a ten percent tithe that it levied upon all Christians. An annual religious tax called "Peter's pence," was concurrently imposed upon all Christian households – and monthly payments from "sinners" in penance to atone for sins continued to produce great revenues as well.[70]

The Church likewise often received grants of landed property from the vested royalty who sought those special religious dispensations and guarantees that only it could offer. Legally, such property grants were deemed inalienable and could not be rescinded; and they were thus exempted from all inheritance taxes through the principle of *mortmain* (the "dead hand").

Thus, through the death of others, the Church became a "corporation" that itself never died. The "business of salvation" clearly was "big business," and the Church did not hesitate to exploit every revenue resource at its disposal to finance its own activities. Indeed, at the height of the Middle Ages, the ranks of the regional Catholic clergy alone came to number over 500,000 members – and much of Europe's land was held by religious groups and orders. [71]

Throughout the course of the 3rd/9th century, moreover, the holdings of the Church continued to grow further still. From the munificence of kings and landed gentry, to the alms of humbler folks seeking to "pay the price of salvation," to more formal land colonization and reclamation projects, the Holy See now became Carolingia's largest landlord.

One abbey alone, that of St. Germain des Prés near Paris, came to hold 84,637 acres. Its lands consisted of 1,727 domains; whereas those of Saint Remi of Rheims contained 693 and those of Saint Wandrille a staggering 4,824 domains respectively. Indeed, midway through the 3rd/9th century, the medieval economic historian David Herlihy has demon-

70 H. E. Barnes 1937, pp. 119–121; A. Dopsch 1937/1953, p. 314; R. LaTouche 1967, pp. 179–180; P. Boissonnade 1987, pp. 26–27.

71 See sources cited in the preceding footnote.

strated, the Church owned nearly one-third of all of the land of continental Europe.[72]

Because much of the non-real estate wealth of the Church came from citizens and nobility, as observed, it was frequently held in the forms of relics, ornaments, and adornments of every kind. But such treasures could also be rendered mobile merely by melting them down and reminting them. Such "*dethesaurized*" liquidation was frequently achieved when kings and lords, deprived of substantial portions of their revenue bases now preempted by the religious establishment, sought to borrow funds from the Church to underwrite their ongoing business operations.

Such loans were secured either by an assignment of future tax obligations to reduce the loan principal (to wit, a very early form of "tax incremental financing" predicated upon a pledge known as a "live gage"); or alternately by a guarantee to have the principal reduced by the liquidation of the borrower's estate upon his death (e.g. a medieval form of "reverse real estate loan" through a pledge known as a "dead ("*mort*") gage."Thus, the modern concept of "mortgage" was born in medieval Christian Europe.[73]

While capital interest was not a formal part of such transactions, however, the Church, as formal financier of the State, nonetheless benefitted in many other ways, particularly through the goodwill that such lending won them at the Royal Court. Hence, in addition to its other already imposing list of diverse economic functions and financial entitlements, the Church performed a formal state banking function as well.[74]

In this manner, in executing this imposing mandate, the Church came to accumulate voluminous material holdings in the course of the 3rd/9th to 5th/11th centuries. This vast accumulated wealth, would, in fact, would enable it to play an ever-increasing role in the socioeconomic life of Carolingian Europe – and would ultimately provide it with the investment capital necessary to initiate and finance the Crusades commencing at the close of the 5th/11th century.[75]

72 On this, see D. Herlihy 1978, art. 5, pp. 81 ff.; see also P. Boissonnade 1987, pp. 83 ff.; R. H. C. Davis 1970, pp. 186 ff.

73 L. K. Little 1983, pp. 4 ff.

74 S. B. Clough 1959/1968, pp. 74–75; G. Duby 1974, pp. 54–55; H. E. Barnes 1937, pp. 119–121; A. Dopsch 1937/1953, p. 314; R. LaTouche 1967, pp. 179–180.

75 See G. Hodgett 1972, p. 47; G. Luzzatto 1961, pp. 20–22.

From the standpoint of the present inquiry, though, the most significant finding is not the remarkable financial success of Christian Europe's religious establishment in the early Middle Ages – but rather the reality that it was not the contemporary Arab Muslims who shaped the wretched economic character of medieval Europe's private sector by preempting its erstwhile ongoing commerce.

Instead, it was largely a predominant indigenous institution, the Church, that destroyed the professional merchant class of Europe through its rigorous insistence on the desirability of poverty for the middle classes; on enforcing its rigid total ecclesiastical ban on capital interest as an economic policy of the State – and thereby, on denying "profit motivation" and all other financial incentives to produce to would-be local entrepreneurs.

The appearance of barter transactions in commercial contracts, and the apparent reversion to a so-called "natural economy" in Europe, thus came about not because of an absolute decline in trade, but rather because profit on capital – the lifeblood of private commercial ventures – could no longer be contracted by Christian merchants in conducting private trade transactions.

Accordingly, the Church, moving into the resulting devastating void of private commercial and industrial infrastructure that was entirely of its own making, now became the agronomists, industrialists, merchants, and financiers in the increasingly economically debilitated Carolingian state. It is no surprise, then, that the medieval sources are replete with indications that many, if not most, of the major commercial transactions of Near East merchants documented in this inquiry were conducted by, and with, Europe's religious institutions.

This phenomenon also explains why there are no longer abundant references in the sources consulted by Pirenne – which were primarily ecclesiastic in origin and focus and served as the principal histories of the period – to secular commerce and ongoing business operations of private sector Christian merchants.

For the Church had now effectively vitiated any semblance of their erstwhile entrepreneurial spirit through its ban on all interest-bearing transactions in the name of "usury" – first forcing them out of the merchandising business, and ultimately supplanting them as Europe's primary *internal* commercial marketing corporation – with its *external* trade continuing to correspondingly devolve into the hands of Jews, Greeks, Syrians, and others, as Appendix B reveals.[76]

Concomitant with the increasing role of the Church as an "economic partner" of the State, additional legal accommodations between the twin institutions of this political condominium that had come to rule Carolingia also now were implemented.

Among them, the Crown often leased the Church's properties on highly favorable terms as concessions and remunerations to key lords and nobles whose services were needed to perform military and other vital state functions. The Crown likewise often borrowed money from the Church to underwrite many important secular functions including the financing of its own commercial and industrial development in direct competition with its private sector.[77]

The royalty, in turn, often gave endowments and special tax and commercial concessions to the Church in efforts to win its favor and to make "down payments" on the purchase of that spiritual salvation that only the Church was empowered to provide. The synergies of these interactions, then, produced the onset of an entirely new administrative and socioeconomic order within Christian Europe now known in western economic histories as the "dawn of feudalism."

This economic reality, far better than an hypothesized, albeit mythical, Muslim trade embargo, chronologically meshes with the 2nd/8th to 3rd/9th century deteriorating commercial and economic trends identified by Pirenne.[78]

Undeniably, directly coincident with the rise of the *Dār al-Islām,* Western Europe did transition from antiquity to the Middle Ages, as Pirenne correctly contended.[79] But the severe economic consequences of this transition evolved for reasons wholly unrelated to the Muslim Arabs.

For while Pirenne, in his works cited throughout this inquiry, did examine select aspects of proper evidence, he nonetheless confused

76 This reality, more than any other, in fact, graphically illustrates a shortcoming that afflicts much early medieval economic historiography. For the case that at a given time, the mention of a particular form of trade may, or may not, appear in an improbable source, does not, *ipso facto*, render that source a definitive work. Conversely, a subsequent disappearance of reference to a product in such a work does not indicate that it ceased to be transacted on a frequent basis.

77 S. B. Clough 1959/1968, pp. 74–75; H. E. Barnes 1937, pp. 101 ff.

78 See sources cited in the preceding footnote.

79 H. Pirenne 1974a, pp. 23–25; idem. 1974b, pp. 152–153, 164.

cause with effect – and reached flawed conclusions based on his access to immediate, albeit incomplete, primary sources, as subsequent analysis incontestably reveals.

1.2. The Political Consequences of this Socioeconomic Transformation

Having thus described the dramatic rise of a "new theocracy" in early medieval Christian Europe, it remains now only to demonstrate its subsequent evolution and consequence. Preceding analysis has shown how the economic repercussions of the imperial goals of the Carolingians precipitously changed the political and social structures of medieval Western Europe – revealing that the increasingly pervasive influence of the Church throughout the $2^{nd}/8^{th}$–$3^{rd}/9^{th}$ centuries was extremely instrumental in extinguishing entrepreneurial spirit throughout the region, contributing to its prolonged "Dark Ages."

This was no transitory trend – as a brief review of its further, continuing deep-seated impacts upon that continent's innate socioeconomic fabric sets the context needed to perceive the magnitude of the economic transformation that had now occurred.

The doctrinal basis for the economic havoc now wrought by the Church, was as noted, founded on its commitment to the abiding virtues of poverty; on its theory of "just price," which held that it was wrong to sell any good for more than its wholesale worth; and upon its unswerving opposition to "usury," which it equated with any interest-bearing business transaction.

The prime scriptural mandate for the Church's demolition of medieval Europe's professional merchant class, and attendant suffocation of its market-based economy, was founded upon such Biblical verses as:

> Take of him no usury or increase;[80] and
> Lend, hoping for nothing again[81]

– as well as upon Christ's admonition to the rich to give all that they had to the poor.[82]

80 Leviticus 25:26.
81 Luke 6:35.
82 Mark 10:21–25.

Such unequivocal injunctions, as noted, were likewise invariably accompanied by economically devastating exegetical interpretations of the Scriptures by medieval Church doctors that vitiated "profit motive" in the conduct of commerce within the Holy Roman Empire. Typical of such sentiments was the determination of the Italian Monk Gratian that:[83]

> Whoever buy a thing not to sell it whole and unchanged, but that it may be material for fashioning something, is no merchant. But he who buys it in order that he may gain by selling it again unchanged and as he had bought it, that man is of the buyers and sellers who are cast forth from God's temple.

– or the assertion of Henry of Langenstein that:[84]

> He who has enough to satisfy his wants and nonetheless labors ceaselessly to acquire more riches, either to obtain a much higher social position, or that he may have enough to live without labor, or that his sons may become men of wealth and importance – all such are incited by damnable avarice, sensuality, or pride.

– or the conviction of St. Thomas Aquinas that the "sin of avarice" can result merely from trying to acquire more than is necessary for sheer survival.[85]

Predicated on such doctrine and exegesis, then, the medieval Church for centuries continued to undertake to eradicate all the vestiges of normal commercial profit and gain. Indeed, in 575/1179, condemning the "flourishing of usury as if it were a 'licit enterprise'," the "Third Lateran Council" ruled that all "usurers" were to be excommunicated from the Church.

Similar pronouncements decreed that they were to be denied communion and Christian burial; that their gifts to the Church were to be rejected; that true believers were not to offer them any comfort or any

83 Monk Gratian, cited in S. Clough and C. Cole 1952, pp. 67–68.

84 Henry of Langenstein, cited in S. Clough and C. Cole 1952, p. 67.

85 St. Thomas Aquinas. *Summa Theologiae* II, q.118, art. 1, cited in M. Rodinson 1978, pp. 108, 275. St. Thomas states:

> *Homo secundum aliquam mensuram quaerit habere exteriores divitias, prout sunt necessaria ad vitum eius secundum conditionem. Et ideo in excessu huius mensurae consistit peccatum; dum scilicet aliquis supra debitum modum vult eas vel acquirere vel retinere.*

assistance whatsoever; and that anyone who held that usury was not a sin was a heretic.[86]

Accordingly, through the 3rd/9th–5th/11th centuries, the Church continued to remain suspicious of all private sector trading activity – as normal "profit-seeking" was confounded with base avarice and every form of commercial speculation was deemed to be a sin.

A true believer could sell a product for a price higher than the sum of its original input or acquisition values only if he had changed it in some material way by his own labors – and then, only at a nominal compensatory rate. Indeed, as late as 520/1126, the rulers of Europe were still firmly clinging to the belief that the only purpose of currency was to provide a means "whereby the poor can more freely be given alms."[87]

So contemptuous was now the Church of the Jews, who were lending out money at interest, in fact, that at times, it adopted the Fāṭimid practice of compelling them to wear articles of yellow attire as a sign of reprobation.[88]

For in sum, in the official Church view, as codified into law by the Holy Roman Empire, the purpose of any labor was mere subsistence production, not the quest for gain. Ever-contemptuous of the role of private sector capital in promoting economic well-being, it thus made aspiration to it illegal – as the wealth of Europe devolved into the hands of wealthy landed proprietors and rich monasteries as a result. For though physical capital did continue to accumulate, it usually stood as "idle capital," serving as tableware for knights and ornamentation in Church sanctuaries.

To fill the concomitant gaping void in commercial infrastructure created by its destruction of private sector economic enterprise, therefore, the Church increasingly preempted even greater numbers of in-

86 *Histoires des Conciles* 1907–1908, vol. 5, pt. 2, p. 105; S. Clough and C. Cole 1952, pp. 69 ff.; K. L. Little 1983, p. 37. "Canon No. 13" of the "Second Lateran Council" of 533/1139, for instance, excluded usurers from "the consolation of the Church."

By the advent of the "Third Lateran Council" of 575/1179, in "Canon No. 25," such usurers were to explicitly be denied all communion in a denunciation that reveals that the practice of "usury" was in such widespread usage ("*in omnibus fere locis tantum usararium ita inolevit*") that vast numbers had abandoned other forms of sanctioned commerce to engage in it ("*et multi aliis negotiis praetermissis quasi licite usuras exerceant*").

87 O. Cox 1959, p. 97.

88 G. Duby 1974, pp. 259–260; G. Luzzatto 1961, pp. 236–237; M. Canard *EI2*, 1986, vol. 3, p. 856.

dustrial and commercial functions that had previously been performed by private businessmen. In so doing, it became medieval Europe's wealthiest institution.

Lending its vast wealth to the region's secular leadership in exchange for wealth and political favors, the Church thus provided both the theoretical framework and the industrial underpinnings that perpetuated Christian Europe's feudalism within the early Middle Ages – and it was this repressive feudalistic society that was most dramatically affected by the economic changes that accompanied the continent's "commercial revolution" commencing in the 5th/11th century, as subsequent analysis will reveal. It is to a detailed analysis of the medieval Muslims' catalytic role in precipitating that revolution, then, that this inquiry now turns.[89]

89 On these developments, see H. F. Barnes 1937, pp. 120–123.

Part II

The Islamic Ascendency

Chapter 2

The Muslims' Medieval "Trade Explosion"

2.1. The Industrial Underpinnings of Early Arab Commerce

The meteoric rise of Islam in the 1st/7th to 4th/10th centuries was a watershed in human history. At its 2nd/8th century zenith, the Islamic Empire (*Dār al-Islām*) was larger than its Roman predecessor. Indeed, it was the largest land mass ever united under a single administration to that age. Sundry sources have studied the *military* and *religious* significances of this consolidation of land mass.

Yet serious analysis of the *economic* impacts of the rise of the *Dār al-Islām* upon early historical economic patterns has remained remarkably inadequate and those efforts that have been made are gravely flawed with error. Many eminent orientalists such as Cahen[1] and Ehrenkreutz[2] have lamented this shortcoming. Hence, the macroeconomic influence of Islam upon the medieval world remains to be explored.

Granted, such highly accomplished historians as ᶜAbd al-ᶜAzīz al-Dūrī,[3] W.C. Heyd,[4] and Rāshid al-Barrāwī [5] have analyzed the commercial accomplishments of select dynasties in select regions at select times. But in terms of the rigorous, in-depth study of the overall regional and global implications that the topic deserves, economic repercussions of the emergence of this new 1st/7th century Mediterranean "political superpower" has too often been subjected somewhat more to heuristic speculation than to serious scholarship.

Such speculation as there has been, moreover, has unfortunately often done more to undermine, rather than to enlighten, comprehensive

1 C. Cahen 1977a, pp. 218–219.
2 A.S. Ehrenkreutz 1972, p. 104.
3 ᶜA.ᶜA. al-Dūrī 1974, passim.
4 W. Heyd 1885, passim.
5 R. al-Barrāwī 1948, passim.

understanding of the Islamic Empire as a medieval commercial power. Definitive study of the economic dynamic that impelled the early Islamic state thus remains an historiographic imperative – with inquiry commencing with a cursory survey of the geopolitical, commercial, and economic catalysts at work within the *Dār al-Islā*m at its 3rd/9th–4th/10th century apogee.

In this massive trade expansion, the ability of the medieval Muslims' business and economic ideologies to impel commerce and later to significantly impact upon the 5th/11th–8th/14th economic transformations of other cultures was a direct function of the dynamic of its message and appears to have been profound both in outreach and in impact.

Yet to fully fathom the extent of the Arab global trade expansion in its 2nd/8th to 4th/10th century formative stage, the composition of its commerce must be traced back to its basic manufacturing inputs – to wit: its industrial roots. For it was axiomatic, then as now, that except for transit trade, a jurisdiction's export flows are largely downstream outputs of the industrial production of its economic base.

The rise of urban settlements in the course of the early Islamic conquests was, of course, a principal factor in the economic regeneration of the Arab Near East in the first three centuries of its Islamic ascendancy. The founding of these towns was a function, and nexus, of the imperative to station military garrisons in the conquered territories to consolidate the Muslims' early conquests. The most important of these cantonments initially were Wāsiṭ, al-Baṣrah, and al-Kūfah within Iraq, and al-Fusṭāṭ in Egypt, all founded between 14/634 and 20/641.[6]

The garrison towns were, in themselves, powerful catalysts for economic growth. They precipitated not only large scale construction, but likewise the development of widespread transportation facilities to interlink them into a well integrated military network. They could readily sustain large populations because as conquerors, the Arab warriors were able to acquire reasonably priced foodstuffs from the abundant agricultural lands surrounding them.

Their initial construction also stimulated no small amount of commercial and industrial activity and soon resulted in the evolution of a sizable urban consumer population and a concomitant reserve of reasonably priced labor. Attendant needs for housing, stores, arsenals, and roads to the facilitate security and commerce between these towns also

6 Al-Balādhurī 1978, pp. 387, 463; al-Ya^{c}qūbī 1892, pp. 210–211; Yāqūt 1866–1873, vol. 1, pp. 430–440.

greatly contributed to the construction boom. The spread of the Islamic religion, in itself, made mosque construction and prayer rug manufacturing burgeoning cottage industries.

This rapid industrial expansion was further facilitated by the vast quantities of construction materials – iron, marble, asbestos, pitch, tar, and bitumen – readily available in the conquered provinces.[7] Development of massive road and water networks to support these new garrison towns and their supporting economic infrastructures was likewise now pursued. Roads were maintained in excellent repair; route and mile signs and way stations were erected; and water wells as well as reservoirs were built along well-traveled paths.

Islam's third caliph, ᶜUthmān b. ᶜAffān, by way of example, had a network of wells and canals installed along the Makkah– al-Baṣrah pilgrimage/commercial route. Special "security forces" likewise were established to protect caravans from brigandage, a pernicious pursuit not uncommon to the era. In short, extensive public sector efforts were carried out across the entire market region to support expanding private sector growth.[8]

Consumer demand was further stimulated by a state welfare system known as the *ᶜaṭā*. This subsidy was established by the second caliph of Islam, ᶜUmar b. al-Khaṭṭāb (d. 23/644), who professed that tax revenues should not sit idle in the state treasury, but rather should be distributed amongst the "community of believers."

It consisted of basic cash stipends, not unlike annual pensions, paid to all Muslims in varying amounts – ranging from 300–12,000 *dirhams*. Such stipends, in themselves, were not an inconsequential factor in generating substantial purchasing power within the early Islamic state – thereby promoting general economic stability while stimulating consumer demand.[9]

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7 Al-Balādhurī 1866, pp. 450–455; al-Māwardī 1909, pp. 175–179; Ibn Ṭiqṭaqā 1895, p. 116; al-Ṭarṭūshī 1901, pp. 115–117; Abū Yūsuf 1927–1928, pp. 50–54; Ibn Saᶜd 1904–1927, vol. 3, pt. 1, pp. 213–214; al-Muqaddasī 1877, pp. 184, 470; Ibn Ḥawqal 1872, p. 328; Ibn al-Faqīh 1885, p. 254.

8 On this, see al-Ḥarbī 1969, pp. 309 ff., 643–653; al-Iṣfahānī 1927–1974, vol. 2, p. 71, vol. 21, pp. 233, 238, vol. 22, p. 287; al-Bakrī 1945, vol. 2, p. 275.

9 Al-Muqaddasī 1877, pp. 184, 303; Ibn ᶜAbd al-Ḥakam 1927, p. 95; Ibn Ḥawqal 1872, p. 363; al-Iṣṭakhrī 1870, p. 203; al-Balādhurī 1866, pp. 450 ff.; idem. 1978, pp. 435 ff. and p. 439 in particular; al-Māwardī 1909, pp. 178–180; Ibn Ṭiqṭaqā 1895, p. 115; Abū Yūsuf 1927–1928, p. 70; M. Watt 1974, pp. 49–50.

For except for a very small minority, the great mass of the Arab immigrants present in the conquered provinces were Bedouin warriors – essentially unskilled laborers who, after the conquests, might very well have caused incessant political and social unrest.

Not only did the ᶜ*aṭā* system free these soldiers from the necessity to earn livelihoods, thus enabling them to concentrate on honing their military skills, it concurrently mollified them by ensuring ample supplies of productive capital to empower them to diversify their economic interests. As it was, the new immigrants, because of their capital liquidity, did not encumber the economies in which they settled but rather stimulated them through their productive investments and purchases of local consumer goods and services.[10]

Such ᶜ*aṭā* subsidies, it is worthy of note, were made possible only because of the abundant material resources at the disposal of the Arab rulers – as ᶜUmar b. al-Khaṭṭāb and his successors enjoyed an impressive revenue base upon which they could draw.

At the onset, booty proceeds resulting from the pillaging accompanying the initial conquests constituted a primary source of income. *Dethesaurization* on a massive scale likewise now took place – as great hoards of precious metals and other treasure were removed by the Arab military from erstwhile monasteries, churches, tombs, and royal and private collections in the conquered territories.

Arab chroniclers estimate that the value of the booty seized upon the conquest of Ctesiphon in 16/637, in itself, reportedly exceeded nine billion *dirhams* – enough for 12,000 *dirhams* for each participating warrior. The Muslim capture of Egyptian Alexandria in that same year produced similar wealth. Upon that town's surrender, the victorious Muslim general ᶜAmr b. al-ᶜĀṣ is said to have written to his sovereign ᶜUmar b. al-Khaṭṭāb:[11]

> I have captured a city from the description of which I now refrain. Just suffice it to say that I have seized therein 4,000 villas, 40,000 baths, 40,000 poll-tax-paying Jews, and 400 royal entertainment palaces.

10 See sources cited in the preceding footnote.

11 Al-Ṭabarī 1879–1901, vol. 1, p. 2436; Ibn al-Athīr 1864, vol. 2, p. 400; al-Balādhurī 1978, p. 299; Ibn ᶜAbd al-Ḥakam, cited in P. Hitti 1968, p. 34; E. A. Ashtor 1976, pp. 23–24.

The sources further report, likely apocryphally because of the sheer volume of the booty yield, that a campaign in North Africa soon thereafter yielded 3,000 *mithqāls* of gold for every cavalryman involved.[12]

Captured property was classified by the Islamic treasury into two categories – "movable property," called *ghanīmah,* some four-fifths of which belonged to the warriors who seized it – and real property, called *fay',* whose ownership and proceeds belonged to the Islamic community as a whole. A tax levy of one fifth of the total value of spoils (*khums*) was levied upon all booty proceeds.[13] The massive transfer of wealth through this *ghanīmah* system, from the former "ruling elites" to the Arab conquerors now resident in these subjugated regions, thus created a new "aristocracy of money" with vastly enhanced purchasing powers.

In addition to this widespread *dethesaurization*, the 1st/7th century Arab conquests afforded the Muslims access to vast deposits of gold in West Arabia, the Urals, central Asia, the upper Nile region and Abyssinia, and the Sudan – and silver mining likewise was extensively exploited in the Najd, Persia, and Central Asia, especially in the Hindu Kush. The 4th/10th century Arab geographer, al-Hamdānī provides an extensive inventory documenting the abundant and diverse sources of precious metals made available to the *Dār al-Islām* by the initial Arab expansion in its dynamic first century.[14]

This prolific supply of precious metals in the conquered provinces – combined with the rich indigenous reserves of precious metals already being mined on the Arabian Peninsula – thus provided the currency basis for conducting vital commerce not only throughout the *Dār al-Islām*, but for its widespread and voluminous external trade as well. It concurrently held significant financial implications for the early evolution and application of Arab monetary policy, enabling the caliphs to engage in innovative compensatory fiscal and monetary practices.

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12 Al-Ṭabarī 1879–1901, vol. 1, p. 2436; Ibn al-Athīr 1851–1856, vol. 1, pp. 400 ff.; al-Balādhurī 1978, pp. 299 ff.; M. Lombard 1975, passim.

13 See al-Māwardī 1909, Chapter 12, passim; Abū Yūsuf 1927–1928, pp. 21–32; For the scriptural basis of this tax levy, see Qur'ān 8:42 and 59:6–10. On the *dethesaurization* that now took place, see M. Lombard 1947, p. 148; B. Lewis 1966b, vol. 4, p. 632.

14 Al-Hamdānī 1987, passim (see also C. Brockelmann 1937, vol. 1, pp. 409 ff.); al-Yaᶜqūbī 1892, pp. 334 ff.; Ibn Ḥawqal 1872, p. 327; Ibn al-Athīr 1851–1856, vol. 9, pp. 116 ff.; al-Masᶜūdī 1893, pp. 243–244, 265; Ibn Rustah 1892, p. 146; Ibn al-Faqīh 1885, p. 206; B. Lewis 1966a, p. 87. Indeed, it was the premier quality of their precious metals bullion that would enable them to create a parallel currency of unquestioned quality.

Mines of gems and semi-precious metals, as well as more basic industrial metals – iron, copper, nickel, zinc, and lead reserves, particularly in Africa and the lava escarpments of the Ḥijāz – likewise added greatly to the conquering Muslims' mass inventory of indigenous natural resources wealth.

Some indication of the wealth at the disposal of the caliphate may be suggested by Arab source evidence that portrays a partial listing of annual values of land tax (*kharāj*) yields in the reign of Umayyad Caliph Hishām b. ᶜAbd al-Malik (d. 125/743) at the peak of Islamic imperial expansion – following the conclusion of their initial conquests – as described by al-Balādhurī and arrayed in Table 1.

Table 1: *Kharāj* Yields in the Reign of Hishām b. ᶜAbd al-Malik (d. 125/743)

Province:	**Yield:**	
Iraq	130,000,000	dirhams
Samarqand	2,200,000	dirhams
Egypt	12,000,000	*dīnārs* and
	48,000,000	dirhams
Palestine	400,000	dīnārs
Jordan	180,000	dīnārs
Damascus	400,000	dīnārs
Ḥimṣ, Qinnasrīn, and al-ᶜAwāṣim	800,000	dīnārs

Source: Al-Balādhurī. *Futūḥ al-Buldān*, passim

This accumulation of fluid capital within the conquered territories was paralleled by the aggregation of massive pools of productive, cost-effective labor. For the sweeping influx of peoples into the new garrison towns was not limited exclusively to Arab immigrants. Indigenous merchants and craftsmen also now flocked to these rapidly expanding urban centers where their services were in increasingly high demand.

The growth of urban populace, in turn, stimulated the development of dense infrastructures of manufacturing facilities to meet ever-mounting requirements for weapons, tools, and household goods, lending impetus to both private enterprise and consumer demand.

Strong requirements for foodstuffs likewise now were generated – leading to real estate acquisitions and speculative agricultural ventures.

Internal service commerce similarly benefitted measurably from these vibrant economic activities, as increasing quantities of agricultural commodities were purchased at wholesale from rural producers for subsequent resale at retail to the growing masses of urban consumers.

Thus, an entire new industrial and agrarian economy, with burgeoning economic demands, rapidly evolved in the Near East.Indeed, given its very wealthy resource base, enhanced industrial and agricultural productivities contributed significantly to the early economic well-being of the *Dār al-Islām.*

For on the Arabian Peninsula itself, in addition to merchants, broad cross-section of professional craftsmen likewise were gainfully employed within its various prime production sectors – actively engaged in such diverse activities as precious metals mining; gold and silver smithing and the production of fine jewelry and embellished swords; metalworking, particularly in the manufacture of weaponry, farm equipment, and sundry instruments and house utensils; carpentry (including furniture building); rock-sculpting and mason work; and the weaving and dying of fabrics.

These production workers were generally free lance professional craftsmen working on a "for profit" basis – though the sources report that, early in the Umayyad era, official market inspectors oversaw their output to ensure quality workmanship and prevent consumer fraud.[15]

Arab chroniclers also describe in considerable detail flourishing manufacturing industries that operated in the conquered provinces. Al-Muqaddasī, for instance, cites soaps, lamps, carpets, furs, swords, bows and arrows, knives, needles, scissors, and cloaks as amongst the key manufactures of Transoxiana.[16] Textile industries were of particular importance. Chief centers of cotton manufacture within the *Dār al-Islām* were in sited al-Jazīrah, Khurāsān, Transoxiana, Kirmān, al-Baṣrah, Harāt, Nisābūr, al-Rayy, and Dimyāṭ. [17] Linen likewise was produced

15 Ibn Saᶜd 1904–1927, vol. 4, pt. 1, pp. 114, 127, vol. 5, pp. 134, 324, 393, 404, vol. 8, p. 364; al-Balādhurī 1938, vol. 4, pt. 2, p. 221; al-Iṣfahānī 1927–1974, vol. 2, p. 360, vol. 5, pp. 65, 114, vol. 8, p. 277, vol. 9, p. 262, vol. 16, p. 149, vol. 18, p. 11, vol. 22, pp. 38, 139; Mālik b. Anas 1905, vol. 5, p. 380, vol. 9, pp. 24, 131, vol. 11, pp. 388–392, 491, vol. 16, p. 231; al-Azraqī 1858, pp. 455, 466; al-Qayrawānī 1953, pp. 67–68; Ibn Qutaybah 1970, pp. 470, 485; idem. 1966, vol. 1, pp. 439–440; al-Zubayr b. Bakkār 1961, vol. 1, pp. 372, 458, 474, 476; Ibn Rustah 1892, p. 216; al-Zubayrī 1953, pp. 178, 278; Ibn Kathīr 1966, vol. 1, pp. 65, 78, vol. 8, pp. 207, 214, 345.

16 Al-Muqaddasī 1877, pp. 323–326.

17 Al-Muqaddasī 1877, pp. 201, 433; Ibn Ḥawqal 1872, pp. 150, 223, 261, 312, 354.

in Tūz, Fārs, Ādharbayjān, Tinnīs, and al-Maghrib;[18] whereas flannel was manufactured at Marw.[19]

A silk industry, in turn, was centered in the provinces of al-Maghrib, Ādharbayjān, Khurāsān, and Khuzistān.[20] The latter area also specialized in the manufacture of satin and "damask."[21] Perfume production took place in Persia and Iraq;[22] whereas flour milling was a prime industry in Kirmān and al-Baṣrah.[23] Glass manufacturing was prominent in the Levant; and metal working was also extensively pursued throughout the region.[24]

Farming likewise contributed to the early industrial productivity of the *Dār al-Islām.* At the founding of the Islamic state, agricultural activities were limited, of course, to the Arabian Peninsula – with fertile lands and extensive agrarian development – wells, dams, irrigation canals, roads, and similar civil works – particularly prevalent in the western portions of the peninsula. Animal husbandry was also a key sector contributing to the sustained economic vitality of the Muslim-held territories of this era.

Following the early conquests, massive quantities of additional productive farm land were incorporated into the agricultural base of the Islamic state – particularly in the "fertile crescent" and the Levant. There, principal agricultural production included dates;[25] olives and olive oil;[26] grapes, apples, lemons, melons and other fruits;[27] sugar cane and honey;[28] and sundry dyes.[29]

The prodigious output of this diversified production base, as subsequent analysis will show, simultaneously made possible a voluminous

18 Al-Muqaddasī 1877, pp. 203, 433, 435; Ibn Ḥawqal 1872, pp. 58, 102, 185, 242; E. A. Ashtor 1976, pp. 95 ff.
19 Al-Muqaddasī 1877, p. 324.
20 Al-Iṣṭakhrī 1880, p. 153; idem. 1927, p. 212; al-Muqaddasī 1877, pp. 442–443.
21 Al-Iṣṭakhrī 1870, p. 153; idem. 1927, p. 212. *Damask* was a luxury cloth originally manufactured in "Damascus," from whence it derived its name.
22 Al-Iṣṭakhrī 1870, p. 153; al-Muqaddasī 1877, p. 443.
23 Al-Muqaddasī 1877, p. 125; Ibn Ḥawqal 1872, p. 222.
24 Cf. al-Tha^cālabī 1867, p. 95; E. A. Ashtor 1976, pp. 98–99.
25 Al-Muqaddasī 1906, p. 228.
26 Al-Muqaddasī 1906, p. 174.
27 Ibn al-Faqīh 1885, p. 125; al-Thaᶜālabī 1867, p. 129; Ibn Ḥawqal 1872, pp. 160, 355 ff.; al-Muqaddasī 1906, pp. 117–118.
28 Al-Thaᶜālabī 1867, p. 107; al-Muqaddasī 1906, pp. 162, 180.
29 Al-Iṣṭakhrī 1892, pp. 188, 190; Ibn Ḥawqal 1872, pp. 124, 328 ff.; al-Muqaddasī 1906, pp. 174, 184; B. Spüler 1960, pp. 52–53.

and profitable international exchange of goods between the Islamicized provinces and the Orient, the Indian subcontinent, Southwest Asia, Africa, and Europe. Thus, a dynamic new capital-based "global" economy emerged, as a growing class of international merchants – both Arab and non-Arab – arose within the *Dār al-Islām* to capitalize upon the resultant market opportunities in their quests to build financial fortunes.

New financial tools evolved in tandem – as frequently, the capital resources of numerous entrepreneurs were pooled to form sizable new trading and banking companies – with merchants possessing surplus capital diversifying into contracting, wholesaling raw material inputs, founding new industries, advancing money for commercial speculation, and directing market initiatives to find new outlets for their products.[30]

At the same time, the extremely substantial capital liquidity of the state enabled it to engage in stimulative fiscal policies that also invigorated the economy. A key element of these fiscal policies was the building of major economic infrastructure within the realm of the *Dār al-Islām* – as massive cantonment, mosque and palace construction; road, dam, and canal building; farm land reclamation, swamp drainage, and water well, reservoir, and irrigation expansion projects all were implemented on a widespread scale.[31]

Concurrently, the consignment of some public sector properties to private sector use also now commenced. The caliph ᶜUthmān b. ᶜAffān (d. 35/656) was particularly active in leasing state-owned properties as land grants (*qaṭā'iᶜ*) to private citizens to ensure their productive use – a practice that was perpetuated by the early Umayyads. That dynasty's first caliph, Muᶜāwīyah b. Abī Sufyān (d. 64/684) is said to have used more 3,000 workers to dig the Bināt Nā'ilah canal in al-Madīnah to facilitate private sector development.[32]

Indeed, such new infrastructure construction was an impressive centerpiece of the economic development programs of the early Arab

30 On this, see M. Sharrāb 1984, pp. 321 ff.; H. A. R. Gibb 1962, vol. 1, p. 42.

31 Yāqūt 1906, vol. 8, pp. 332–337, 341–342, 345, 380; al-Ṭabarī 1879–1901, vol. 1, p. 2380; vol. 3, p. 645; al-Hamadhānī 1885, p. 190; al-Azdī 1967, pp. 24–25, 88–101; al-Wāsiṭī 1967, p. 37; Ibn Khallikān 1843–1861, vol. 1, pp. 449–450; I. Lapidus 1981, pp. 177 ff., 182–189; P. Hitti, 1970, pp. 220–221, 349–350.

32 Yāqūt 1906, vol. 1, p. 341; vol. 2, p. 258; vol. 3, p. 234; vol. 4, p. 707; al-Ṭabarī 1879–1901, vol. 1, pp. 2473–2474; vol. 2, pp. 504, 635, 1195–1196; al-Yaᶜqūbī 1892, p. 322; al-Hamadhānī 1885, pp. 128–129; al-Azdī 1967, pp. 24–25, 88–101; al-Masᶜūdī 1861–1867, vol. 5, p. 466; I. Lapidus 1981, pp. 178–180; M. Sharrāb 1984, pp. 339 ff.

rulers. For apart from the initial, previously cited, major garrison towns within the Levant, Persia, and Egypt, the Arab conquerors likewise undertook facilities expansion and urban renewal in existing cities.

Al-Madā'in was established as a base for Muslim forces in 16/637. At the same time, Sa^{c}d b. Abī Waqqāṣ founded a mosque and installed a garrison at al-Anbār. Al-Mawṣil was built as a new regional capital in 19/640. Other military bases were established at Bālis, Darah, al-Ḥadīthah, Jalūlā', Mayyāfāriqīn, Naṣībīn, Rā's al-^{c}Ayn, Raqqah, and Rūḥā.[33]

The aforesaid first Umayyad caliph, Mu^{c}āwīyah b. Abī Sufyān – as a land developer prior to assuming his official responsibilities – likewise built dams and had them linked to major irrigation canals in al-Ṭā'if and al-Madīnah. Late in the 1st/7th century, ^{c}Abd al-Malik b. Marwān, and his successor son al-Walīd, engaged in a massive program of mosque construction that included the famed "Dome of the Rock" in Jerusalem.

Al-Walīd's brother and successor, Hishām, likewise erected many palaces and gardens. Madīnat Ibn Ḥubayrah and Qaṣr Ibn Ḥubayrah were founded in the reign of Marwān b. al-Ḥakam (d. 65/785). In the governorship of al-Ḥajjāj b.Yūsuf (d. 95/714) over Iraq, the cities of al-Nīl and Wāsiṭ were constructed. Al-Ḥajjāj also built the al-Ṣīn Canal near Wāsiṭ and al-Nīl and al-Zābī canals near al-Nīl municipality, linking the Tigris and Euphrates.[34]

This very vigorous program of public sector urban construction continued under the early ^{c}Abbāsids. Following the construction of al-Kūfah, for instance, groupings of cantonments collectively known as "al-Hāshimīyah" – sited in the vicinity of Qaṣr Ibn Ḥubayrah, al-Anbār, and ultimately Baghdad – were successively erected as ^{c}Abbāsid regional capitals.

Other major administrative centers such as Bahnasā', Baradān, Ja^{c}-farīyah, al-Muḥawwal, Muwaffaqīyah, Qāṭūl, al-Rāfiqah, al-Raḥbah, al-Ruṣāfah, Samarrā', and Shamāsīyah also now were built – and extensive supporting road and canal, land reclamation, swamp drainage, and irrigation projects were pursued.[35]

These massive infrastructural development projects in Iraq, and other, equally expansive developments in Iran and elsewhere within the

33 Sources cited in the preceding footnote.

34 Sources cited in the preceding footnote.

35 Al-Ya^{c}qūbī 1892, pp. 266, 309; Yāqūt 1906, vol. 4, p. 208; al-Ṭabarī 1879–1901, vol. 3, p. 364; al-Hamadhānī 1885, p. 132; I. Lapidus 1981, pp. 177–181.

Islamic realm, it is critical to reiterate, were made possible only because of the great influx of revenues now flowing into the Islamic fiscus.

This fiscal abundance – paralleled by the aforesaid ready concentrations of surplus labor – thereby came to underwrite ever-expanding market demand while helping to shape the dynamic of "commercial capitalism" that characterized the economy of the early Islamic state.[36]

Consequently, a new "bourgeoisie class," which had begun to coalesce under the Umayyads, now rose even more rapidly under the early ᶜAbbāsids – as insatiable new consumer demand precipitated attendant ever higher demands for large scale commerce.

In the process, Islam's merchants were thus transformed from mere "local and regional traders" into international merchants supplying the market needs of the garrison towns and their widespread conquered provinces – dynamic commercial evolutions all integral to underwriting the burgeoning, ever-expanding, Arab mercantile network that soon stretched from the Atlantic in the West to the Pacific in the East.

It is to a study of the commercial market demands that these economic development projects generated throughout the Islamic world, therefore, that this inquiry now logically turns.

2.2. The Evolution of Islamic Commerce

A. Arab Trade Expansion in the Age of the Orthodox Caliphs

(i) The Locus of Early Islamic Trade

Paradigms of production and commerce at work in pre-Islamic Arabia have been detailed in previous works.[37] The matrices of industry and trade in the three decade era of the four "Righteous Caliphs" – Abū Bakr, ᶜUmar, ᶜUthmān, and ᶜAlī – whose reigns commenced upon the prophet Muḥammad's death in 11/632 built upon these long established economic systems. From a strictly commercial standpoint, then, this transition, notwithstanding the very profound religious transformation that Islam engendered, may best be viewed as an integral part

36 On these developments, see H. A. R. Gibb 1962, vol. 1, p. 42; S. D. Goitein 1957, passim.

37 Cf. G. Heck 2003, pp. 91–169 passim.

of a production and trade continuum and not as a tectonic economic watershed. A review of its evolution is illuminating.

For contrarian orientalist contentions to be addressed in subsequent discourse notwithstanding, the Muslim conquerors not only did not discourage the perpetuation of trade, they ensured the secure and stable marketplaces that enabled them to become the consummate traders of their age.

Several historic factors – both socio-economic and geographic – combined to create this "mercantile miracle." For the Arab society into which Islam was born had enjoyed a long and rich legacy as a progenitor and principal promoter of capitalistic trade.

Indeed, Makkah's proximate business operating area – sited at the concourse of three continents – Asia, Africa, and Europe – which served as a prime commercial nexus blessed with well water suitable for drinking – was a locale propitious for Arab capitalism to flourish.

West Arabian merchant tribes had participated in a lengthy and productive history of trade relations with Syria, Egypt, Abyssinia, South Arabia, and the Indian subcontinent – and the city enjoyed a particular significance as a midway station between Yemen and the Levant on one of the most famous trade routes of classic antiquity that connected the longstanding international commerce of the East and West.

It traditionally was one of the great caravan towns, and like its predecessors, Petra and Palmyra, it had owed its early prosperity, until the disintegration of the Roman Empire late in the 5th century A.D., to the economic upper classes gathered about the Mediterranean – and to their unending appetites for luxury items such as ivory, horn, spices, incense, aromatics, myrrh, silk, slaves, gold and silver, precious metals jewelry, and other blandishments.

For Makkan merchants since antiquity had been key links in the extended chain of transit trade stops that provided the markets of the Levant and Southern Europe with both precious and industrial merchandise from South Arabia as well as high unit value commodities and exotic art objects from the Indian subcontinent and the Orient.[38]

Several factors combined to give Makkah, together with its surrounding Ḥijāzī environs, its distinct economic advantages. They included:

38 On this, see *Nihāyat al-Arab fī Akhbār al-Furus wa al-ᶜArab,* British Museum, MS. Add. 23298, fol. 174A.

(i) its role as a strategic entrepôt at the confluence of major caravan routes connecting Asia, Africa, and Europe;
(ii) its significance as the sanctuary of pre-Islamic deities which had enjoyed a longstanding established tradition of drawing in both merchants and other consumers for religious observance;
(iii) its extremely harsh physical environment that made commerce not only an advantageous livelihood, but a necessary one; and finally
(iv) ready access to proximate indigenous precious metals – gold and silver – which created an abundance of "capital surplus" that enabled lifestyles more opulent than its other local natural resources would otherwise dictate.

The intricate commercial network that interlocked the key trans-Arabian land and sea routes, in turn, was a product of these strategic factors. The medieval Arabic sources are explicit, in fact, in documenting:

(i) that 1st/7th century Makkah was at once both a nexus and a source of trans-Arabian regional trade; and
(ii) that there was an intricate network of domestic feeder routes that linked its primary seaports – Jiddah, al-Jār, and al-Sirrayn – to al-Ṭā'if, al-Yamāmah, al-Madīnah, Khaybar, Wādī al-Qurā, Taymā', al-Ḥajar, and other inland cities of the Arabian Peninsula.

Thus, into Makkah's centrally located markets entered many merchants from every quadrant within the region – ranging from Yemen, Aden, Oman, and Bahrain to Persia, Iraq, Greater Syria, Egypt, Abyssinia, and beyond. Already in pre-Islamic times, the city's religious abodes had drawn many, varied merchants of the Arabian Peninsula to its sanctuaries, both to worship its deities and to ply their trade, particularly at its seasonal fairs.

Now, with the rapid rise of Islam, these rituals of pilgrimage would become incorporated into a religion far more international in scope – as soon, an intricate network of transcontinental pilgrimage and trade routes (Ar. *darb,* pl. *durūb*), described in detail in Appendix C, would fan out like spokes on a wheel from its municipal center, enticing merchants and their wares from all parts of proximate Asia and Africa.

For as a site of a few noteworthy wells with water suitable for drinking, as noted, Makkah afforded a hospitable meeting place for land caravans traversing the Arabian Peninsula with merchandise from south Arabia moving northward; from Damascus southward; and from Africa, through the seaports of Jiddah, al-Jār, and al-Sirrayn, moving northeastward toward Iraq and Persia.

Such situational advantages thus enabled Makkah to engage in commerce with such proximate markets as ^{c}Adan, ^{c}Umān, San^{c}ā', Damascus, al-Baṣrah, al-Kūfah, Baghdad, Ṣuḥār, al-Qulzum, ᶜAydhāb, and al-Fusṭāṭ.

Indeed, it was precisely this ideal location that originally had given birth to the ancient seasonal suburban markets of ᶜUkāẓ, Majannah, and Dhū al-Majāz; and continued to shape Makkah's commercial character after the rise of Islam as well, notwithstanding the city's relative shortfall in indigenous natural resources.

It was Makkah's relative paucity of certain indigenous natural resources, in fact, that was itself a primary impetus for trade – as in addition to serving as a transfer point in the long distance routes between India, Africa, and the Mediterranean region, the city was also, perforce, an important commercial terminus – an incipient source of demand in the commodities trading network that supplied its local citizenry.

For unlike most major caravan centers, Makkah did not enjoy the presence of a major oasis or agricultural area at its center. Hence, many of its most basic staples had to be imported; as its wells, though a source of some succor for travelers, were wholly inadequate to support intensive agricultural irrigation.

For sheer survival, then, vital foodstuffs such as dates, raisins, fruits, vegetables, grains, and cereals had to be brought in from the Yemen, al-Ṭā'if, al-Yamāmah, and such northern oasis settlements as al-Madīnah (Yathrib), Khaybar, Wādī al-Qurā, and Taymā'. Thus, as in pre-Islamic times, necessity remained an important factor in shaping both the industrial infrastructure and the commercial character of the early Islamic realm.

(ii) The Dynamics of Early Islamic Trade

Given the resource base and strategic location of the West Arabia, then, to more fully perceive the economic dynamic of the early Islamic state, it is first central to understand the economic imperatives that drove its commercial initiatives. For the earliest Muslims, to their credit, were quick to capitalize on their region's geographic advantages and its natural endowments, while concurrently mitigating its inherent disadvantages to optimize its mercantile potentials.

Quite naturally, since the earliest converts to Islam had included members of the Quraysh tribe, from whence Prophet Muḥammad had come, the region's lengthy legacy of experience in mercantile endeavors trade was perpetuated in the formative years of the Islamic polity.[39]

As a result, though the religion's rise and attendant conquests forever altered the territorial dimensions of West Arabian trade, at the onset, it did not appreciably change either its underlying operating parameters or its economic motivations – as its longstanding commitment to commerce continued unabated. For in addition to those principal caravan land routes previously described, early Arab commerce focused upon the Red Sea – a principal Asian-African conduit of maritime trade since antiquity.

The Romans, when it was their prime channel of trade with "Arabia Felix," called it the *Erythraean Sea* ("Sea of the Red King"); [40] whereas medieval Arab historians, in tribute to its commercial significance for the territory surrounding Makkah, often labeled it *Baḥr al-Ḥijāz* (the "Ḥijāzī Sea").[41]

The early "Makkan Commonwealth," as stated, enjoyed three prime seaports on the Red Sea – al-Jār to its northwest, Jiddah to its west, and al-Sirrayn to its southwest. Of these ports, Jiddah was clearly the most prominent. Because of its proximity to Makkah – and later al-Madīnah when the prophet Muḥammad transferred his seat of power there (though the latter capital was also well served by al-Jār) – not only did Jiddah allow for direct shipping to the Levant through Aylah, but also to Egypt through al-Faramā', al-Qulzum, and ᶜAydhāb, as well as to the other east coast ports of Africa – and because it opened onto the Indian Ocean, it likewise afforded access to the Orient.[42]

The 4th/10th century geographer al-Muqaddasī refers to Jiddah, together with al-Jār, as "twin granaries of Makkah" and the "emporium" (*maṭraḥ,* literally meaning "dumping ground") of Egypt and the Yemen via the Red Sea which, cognizant of its global outreach, he often refers to as *Baḥr al-Ṣīn* (the "Sea of China"). In one particular shipping season, he estimates, some 3,000 camel-loads of grain and flour were dispatched from the Egyptian milling village of al-Mashṭūl to the seaport city of al-

39 On this point, see Ibn Jubayr 1907, p. 67.

40 See *Periplus* 1927, p. 50.

41 Abū Shāmah 1879, vol. 2, pp. 35, 37; Ibn Wāṣil 1957, vol. 2, p. 12; Ibn Iyās 1960, vol. 4, p. 109.

42 Prophet Muḥammad relocated from Makkah to al-Madīnah at the onset of the year 1/(September) 622. Ibn al-Mujāwir 1951–1954, p. 52; al-Hāshimī 1915, p. 69; ᶜA. Sulaymān 1973, p. 192; idem. n.d., p. 97; M. al-Qūsī n.d., p. 95.

Qulzum to be shipped to Jiddah to supply foodstuffs to incoming Makkan pilgrims.[43]

Al-Azraqī, in turn indicates that a special quarter (later known as the *Dār Miṣr*) was devoted exclusively to the Egyptian trade. To safeguard commerce, the Islamic navy reportedly carried out security patrols on key shipping lanes on the Red Sea. Of Jiddah and its companion port al-Jār, al-Muqaddasī asserts that:[44]

> Supporting the commercial activities of this region were two ports on the Red Sea Coast, Jiddah and al-Jār, linking them to inland markets of Egypt and Wādī al-Qurā, which offered market ingress to Syria and Iraq.

To Jiddah's north, al-Jār acted as a subsidiary base serving land routes traversing Makkah – as well as the principal Red Sea port serving al-Madīnah to the northeast. Indeed, because of its commercial significance, the early caliphs spent substantial resources renovating and outfitting this port to enable it to handle large merchandise volumes. The medieval Arab geographers ᶜArrām al-Sulamī and Ibn Ḥawqal state that it was situated about three days journey from al-Madīnah and that it was also frequented by ships from such far reaching regions as Abyssinia, Egypt, Bahrain, and China.

Ibn al-Faqīh and Ibn Khurradadhbīh, in turn, indicate that ships visited it from such diverse places as North Africa, India, and the Orient – and that, in fact, that the Red Sea was often referred to as the *Baḥr al-Jār* (the "Sea of al-Jār"); whereas Ibn ᶜAbd al-Ḥakam relates the arrival of ships bearing grains to al-Jār from Egypt during the caliphate of ᶜUmar b. al-Khaṭṭāb (r. 13/634–23/644).[45]

A third port, al-Sirrayn, also no longer extant, was approximately "four to five days journey" south of Jiddah. According to al-Muqaddasī, it was known for its quality dates, honey, and other natural delicacies. In addition to these products, it transacted shipments of grains from Yemen to Makkah, al-Madīnah, and other West Arabian cities. It reportedly engaged in substantial trade with Abyssinia, particularly in slaves, as well.[46]

43 Al-Muqaddasī 1906, pp. 18, 79, 97; see also Ibn Khurradādhbih 1889, p. 153.

44 Al-Azraqī 1858, p. 474; al-Muqaddasī 1906, pp. 18, 97.

45 ᶜArrām al-Sulamī 1953, p. 398; Ibn ᶜAbd al-Ḥakam 1961, pp. 31, 223; Ibn al-Faqīh 1885, p. 78; Ibn Khurradādhbih 1889, pp. 153–154; al-Muqaddasī 1906, p. 97.

46 See al-Muqaddasī 1906, p. 8; Ḥ. al-Jāsir n.d., p. 5.

Across the Red Sea, various medieval Arab geographers describe in some detail the shipment of commodities from the Levant and Europe via the Mediterranean to Alexandria, then via camel to al-Faramā', a principal port on Egypt's eastern Red Sea coast; and from there, by sea, on to Jiddah. Ibn Khurradādhbih speaks of a broad variety of products – among them, slaves, skins, furs, silks, and silk brocades – transiting this route.[47]

^{c}Aydhāb was another principal Egyptian Red Sea port whose long legacy of thriving commerce is glowingly described by Ibn Khurradādhbih, al-Muqaddasī, Ibn Ḥawqal, and others; whereas Yāqūt depicts it as a primary link connecting East Africa to Jiddah, thence to the ports of Yemen, and on eastward to India and the Orient.[48]

Another principal Egyptian port serving Jiddah on the western shore of the Red Sea that gained significant importance after the rise of Islam in Arabia was al-Qulzum. Indeed, one of the very administrative acts attributed to ^{c}Amr b. al-^{c}Āṣ, the Muslim conqueror and governor of Egypt, was to clear and reopen the ancient trans-Egyptian canal – built in Pharaonic times, and later restored by the Roman emperor Trajan – that connected the Nile north of "Babylon" with this vital seaport. Upon its opening, this crucial waterway was relabeled the: "Canal of the Commander of the Faithful," according to various sources.

Al-Ya^{c}qūbī recalls that on one occasion, occurring within two years of Egypt's initial conquest in 20/641, a fleet of some twenty ships, laden with products from Egypt, passed through this canal destined for ports on the Arabian peninsula.[49]

Yet another important maritime and land route trading partner of Jiddah at this time was the historic south Yemeni port city of ^{c}Adan – a major entrepôt linking the Arabian peninsula with the ports of the Orient. This seaport is frequently referred to in the medieval sources as *dahlīz al-ṣīn* (the"vestibule to China") – as from it, ships could sail directly to Canton.[50]

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47 Ibn Khurradādhbih 1889/1906, pp. 54 ff., 153; al-Muqaddasī 1906, pp. 91–92; M. al-Qūsī n.d., p. 33.

48 Cf. Ibn Khurradādhbih 1889, pp. 153–154; al-Muqaddasī 1906, pp. 18–19; Yāqūt 1877, vol. 4, p. 171.

49 Al-Ya^{c}qūbī 1892, p. 240; idem. 1893, vol. 2, p. 177; Ibn ^{c}Abd al-Ḥakam 1922, p. 220; al-Zubayr b. Bakkār 1961, vol. 1, p. 487; al-Muqaddasī 1906, p. 197.

50 Al-Muqaddasī 1906, p. 79; al-Anṣārī 1923, p. 216; al-Ṣayrafī. *Akhbār al-Ṣīn wa al-Hind,* vol. 1, as related in M. al-Qūsī n.d. pp. 46, 114.

Key products reaching Jiddah via ᶜAdan at this time, according to the medieval Arabic sources, included silk, musk, black pepper, spices, coconuts, sandalwood, aloe wood, a variety of other woods, ceramics, porcelain, ebony, various potions, and later, paper. In return, local products such as ivory, gum arabic, aromatics, horses, textiles, and various metals manufactures were shipped eastward to the Orient.[51]

The voluminous merchandise transiting these medieval Arab seaports was, of course, directly integrated into the extensive network of trans-Arabian *land routes* described in some detail in Appendix C – as the early Muslims were simultaneously extensively engaged in significant *overland* commerce.

Indeed, contemporary caravan trade was clearly then "big business" – as the twin cities of Makkah and al-Madīnah, as shown, were located astride highly significant traditional caravan routes linking southern Arabia with Iraq and Syria, and the Mediterranean and East Africa with central Asia as well as the Orient.

These key conduits of commerce – combined with the physical and economic factors that underwrote their mercantile traffic – thus combined to give the early Muslim rulers of West Arabia a well entrenched legacy of trade – and an heritage upon which their caliphal successor dynasties soon would build.

This, then, was the capitalistic milieu – the "Petrie Dish" of nascent entrepreneurship and trade – into which the Islamic religion was born – and over which, the three-decades-long administrations of the four "Righteous Caliphs" presided – creating a dynamic economic system that would be perpetuated throughout the Umayyads' subsequent 89 year reign; and indeed, for nearly a full century thereafter, well into that of their dynastic successors, the ᶜAbbāsids.

B. The Umayyads and the Northward Shift of Muslim Trade

Trans-Arabian trade was lucrative while it lasted. But the transfer of the Islamic caliphate from its initial line of "Righteous Caliphs" to the Umayyads in Ramaḍān 40/January 661 – and with it, a shift of its capi-

51 Ibn ᶜAbd al-Raḥīm n.d., fols. 71–73; al-Muqaddasī 1906, pp. 79–80, 97. The Arabic word for "porcelain," *al-ṣīnī,* in fact, derives directly from the Arabic word for "China" = *al-ṣīn*.

tal from al-Madīnah to Damascus – brought dramatic changes in the flows of contemporary trade.

Thereafter, it was the Levant that was the economic heartland of the *Dār al-Islām* and the nexus of its ongoing international commerce – as from the onset of the 2nd/8th century onward, the Arabian peninsula was politically and commercially moribund, and Makkah and al-Madīnah ceased to be amongst the prime centers of large-scale caravan trade. For the Umayyad caliphs, in possession of more efficient Red Sea and Arabian Gulf maritime routes, soon abandoned the tedious parallel land routes connecting them that crossed the inhospitable Arabian desert.

The main commodities of East Africa, moreover, likewise gradually no longer transited Arabia, but moved along the more circuitous, but also more economic, sea lanes through the Red Sea and the Arabian Gulf to Ṣuḥār and al-Baṣrah. Only in religious observance, symbolized by the Islamic pilgrimage, then, did Makkah and al-Madīnah retain a semblance of their erstwhile preeminence after the close of the 1st/7th century.

The great trade expansion that occurred under the Umayyads was attended by the remarkable degree of commercial unity and internal security that the Arab conquests created – as the traditional petty trading empires that had long thrived on the Arabian peninsula, the Ghassānids, Lakhmids of al-Ḥīrah, and South Arabians of the Yemen, became Muslim principalities.

At the same time, the longstanding feuds of Rome and Persia, which habitually had checked the ongoing flow of East –West commerce, were effectively brought to an end – as a single, consolidated bloc of territory stretching from the Atlantic to the steppes of central Asia was now subjected to a single central administration.

The Red Sea and Arabian Gulf were no longer rivals, then, but alternate routes to the Indian subcontinent as well as the Far East – as much of the gold and ivory of central Africa and the spices and porcelains of the Orient now reached Europe and West Asia only after passing through Muslim hands.

The industries of Syria and Egypt, formerly the richest provinces of Byzantium, moreover, continued to produce their premier quality glasswork, brass and silver goods, textiles, and other prime consumer commodities – contributing to the groundswell of Near East export trade.

Great cities also soon expanded at key intersections of major transcontinental trade routes now newly unified under Muslim control.

Damascus, situated at the key nexus where the overland caravans from Central Asia approached the Mediterranean Sea, received the merchandise of Egyptian, Syrian, and Red Sea traffic.

Al-Fusṭāṭ became known as a market for raw material production inputs as well as for its manufactured goods. From Egypt on westward, a network of prosperous trading towns along the southern Mediterranean coast also connected the markets of that country to those in North Africa and Spain. At the same time, al-Baṣrah, on the Euphrates, had been built soon after the conquest of Persia in 16/637 to better control the Arabian Gulf and trade routes to the East.[52]

Equally important, the *Dār al-Islām*, under Umayyad rule, became the greatest naval power of the age – as upon capturing Alexandria in Egypt in 20/641, the Arabs had assumed control over what heretofore had been the main dockyard of Byzantium and used it to create the first major Muslim fleet.

This new fleet of ships inaugurated its maritime operations by capturing Cyprus in 28/648. Three years later, it repulsed a Byzantine fleet off of Egypt, then pillaged the Island of Rhodes, and in 34/654, destroyed a Greek naval force consisting of more than 500 ships.

This battle ended Byzantium's longstanding dominance over Mediterranean shipping and ultimately meant the lossof its African territories. Thereafter, it was the Muslims who controlled the prime Mediterranean sea lanes and the seaports of the Levant – as the erstwhile Roman *mare nostrum* became, in the graphic description of Pirenne, a "Moslem lake."[53]

In the immediate wake of their dramatic territorial expansion, moreover, the Muslims brought with them both a firm ideological commitment and a practical approach to naval supremacy and sea bourne commerce.[54] The Qur'ān makes clear the merits of earning one's livelihood from the sea – with many verses extolling its bounty, among them:

52 Later, under the early ᶜAbbāsids, of course, that city's commerce would be further enhanced by the construction of Baghdad; as well as by digging a canal between the Tigris and Euphrates that connected the latter city to prime overland routes from Asia Minor, Syria, and Egypt. Major caravans from Central Asia likewise now descended from Russia, Scandinavia, and Persia to deliver goods to Baghdad's gates.

53 On these developments, see Ibn ᶜAbd al-Ḥakam 1922, pp. 189–191; H. Pirenne 1974a, pp. 23–25; idem 1974b, pp. 152–153.

54 Cf. al-Ṭabarī 1879–1901, pt. 1, vol. 3, pp. 1135, 1181–1182, 1640–1641, 1645, 1685–1686; Qur'ān 6:97; 10:23–24; 11:40–41; 16:14; 25:55; 35:13; 54:12.

> Behold in the creation of the heavens and the earth; in the sequencing of night and day; in the sailing of ships through the oceans for the profit of mankind; in the rain which Allāh has sent down from the skies; and the life which he gives therewith. *(Sūrat al-Baqarah, Āyah 164)*
> It is He who has made the sea subject so that you may eat the flesh thereof that is fresh and tender; and that you may extract therefrom ornaments to wear; and that you may see the ships therein that traverse the sea. *(Sūrat al-Naḥl, Āyah 14)*
> It is He who makes the ships subject to you; that they may sail through the sea by His command; and the rivers He has made subject to you. *(Sūrat Ibrāhīm, Āyah 14)*
> Your Lord is He who maketh the ships to sail smoothly for you through the sea, in order that you may seek of His bounty. *(Sūrat al-Isrā', Āyah 66)*
> See you not that Allāh has made subject to you all that is on the earth; and the ships that sail through the sea by His command. . . . *(Sūrat al-Ḥajj, Āyah 65)*
> You see the ships thereon that ply the waves, that you may see the bounty of Allāh and be grateful. *(Sūrat Fāṭir, Āyah 12)*

Clearly, then, the Muslims' early commitment to maritime economic pursuits was scripturally as well as pragmatically based. This doctrinal commitment to mercantile pursuits, moreover, was soon indelibly affirmed by the "Rightly Guided Caliph," ᶜUmar b. ᶜAbd al-ᶜAzīz (d. 101/720), in a famed rescript regulating state finance:[55]

> As for the sea, we hold that it is as the way of dry land. Allāh hath said: "It is Allāh who hath subdued to you the sea that vessels may sail thereon by his command and that you may seek of His bounty."
> Therefore, He hath given permission therein that who so wills may trade thereon; and I hold that we should place no obstacle between it and any one of the people.
> For the dry land and the sea alike belong to Allāh. He hath subdued them to His servants to seek of His great bounty for themselves in both of them. How, then, should we intervene between Allāh's servants and their means of livelihood?

This edict, it seems, may have been a significant concession for this enterprising ruler – as some Arabic sources suggest that the second caliph ᶜUmar b. al-Khaṭṭāb, as well as his immediate caliphal successors, because of their desert heritage, had initially feared the sea.[56] Ibn Khaldūn

55 Ibn ᶜAbd al-Ḥakam 1964, p. 98; idem. 1994, pp. 86–87.
56 See al-Yaᶜqūbī 1892, vol. 2, p. 180; Ibn Ṭiqṭaqā' 1895, p. 114.

explains this great fear, and the manner in which it was overcome, thusly:[57]

> When the Muslims took possession of Egypt, ᶜUmar b. al-Khaṭṭāb wrote to ᶜAmr b. al-ᶜĀṣ asking him to describe the sea. ᶜAmr replied: 'It is a giant creature upon which weak creatures ride like worms on a piece of wood.' He then recommended that the Muslims be kept away from seafaring. No Arab traveled by sea save those who did so without ᶜUmar's permission – and those who disobeyed were punished by him for it.
> Thus it remained until Caliph Muᶜāwīyah's reign, when he permitted Muslims to travel by sea and to wage *'jihād'* in ships. The reason was that, because of their bedouin propensities, the early Arabs were not initially skilled in navigation; whereas Byzantine and Frankish Christians, because of their sea experience and their familiarity with ships, were familiar to the sea and trained in navigation.

By the time of the early Umayyads' rule, however, not only had the Muslims clearly mastered the sea, they were dominant in both the Indian Ocean and the Mediterranean Sea – and were rapidly exploiting their new found maritime prowess to expand the boundaries of their empire.

The medieval Arabic sources make clear, in fact, that ᶜUmar b. ᶜAbd al-ᶜAzīz and his successor caliphs were committed to broadening their trade horizons on a wide variety of international fronts – at sea as well as on land – as records of both political and commercial diplomatic correspondence exchanged between them and rulers ranging from such far-ranging domains as China and India in the East to Byzantium and Spain in the West have been preserved in the early Islamic chronicles.[58]

To support these international trade initiatives, then, massive new port facilities and arsenals were likewise constructed to provided the *Dār al-Islām* with seaworthy ships, dockyards, and seafaring equipment, creating two main Muslim maritime complexes:[59]

> (1) on the Red Sea and the Arabian Gulf which opened up onto the Indian Ocean – as port facilities were expanded both at al-Baṣrah and in the neighboring ancient Persian seaport, al-Ubullāh.These outlets were also inte-

57 Ibn Khaldūn n.d., p. 253.

58 See Ibn Kathīr 1932, vol. 8, p. 102; Ibn ᶜAbd Rabbihi 1965, vol. 2, pp. 201–202; al-Jāḥiẓ 1943, vol. 7, p. 113; Ibn Qutaybah 1963, vol. 1, p. 199.

59 Cf. al-Ṭabarī 1879–1901, vol. 4, pt. 1, p. 2023; vol. 5, pp. 2383, 2546–2548; al-Muq-addasī 1906, pp. 18–19, 198; al-Masᶜūdī 1861–1877, vol. 3, pp. 40 ff; Ibn Khurradādhbih 1889/1906, pp. 153–154. A. Walmsley (2000, pp. 265 ff.) provides archaeological evidence that likewise adds to a fuller understanding of the Umayyads' consummate commitment to the building of commercial and industrial support infrastructures.

grated into a network consisting of both river boats on the Tigris and Euphrates and caravans of the Arabian Peninsula; and
(2) in the ports on Egypt and Syria on the Mediterranean, the foremost of which was Alexandria, as augmented by river boats on the Nile and an extensive network of feeder canals.

Later, the straits of Sicily and Gibralter would come to form the third prime maritime complex. These sea networks, in turn, were augmented by land routes – detailed in Appendix C – that stretched from *al-Maghrib al-Aqṣā* in the West, across Africa, the Arabian Peninsula, the Levant, and Central Asia, and on through the Indian subcontinent and the Orient.

Large scale trading along these principal maritime and land-based-caravan routes was facilitated not only by the noteworthy security that the expansive *Pax Arabica* had provided for the vast new common market that it had created, moreover – but equally from a new *international* commercial language, Arabic – and the common systems of weights and measures and premier currency that the Islamic Empire now imposed.[60]

Indicative of such logistical foresight, al-Bayhaqī notes the particular concern of the caliph ᶜAbd al-Malik b. Marwān (d. 86/705) with both currency quality and metrological uniformity and their crucial roles in underwriting global commerce.[61] Certainly, this economically enlightened ruler's monumental monetary reforms, which pioneered an Islamic trimetalic – gold *dīnār,* silver *dirham,* and copper *fals* – epigraphically pure Arab coinage was a watershed development suggestive of such concern.

Carried out on a massive scale, it cannot have failed to have had sweeping economic repercussions both within the *Dār al-Islām* and upon its buoyant international commerce. For in challenging the Byzantine currency supremacy prevailing in the region, it openly proclaimed a Muslim intent to achieve their own commercial preeminence within those realms that surrounded the Mediterranean basin.[62]

Source evidence makes clear that ᶜAbd al-Malik's currency reforms came in measured response to contemporary market demand, as the

60 Ibn al-Mujāwir 1951–1954, pp. 9, 12–13; al-Muqaddasī 1906, p. 99; al-Maqrīzī 1957, pp. 53–57; idem. 1967, pp. 8 ff.
61 Al-Bayhaqī 1961, p. 235.
62 Al-Bayhaqī 1961 pp. 232–235; al-Ṭabarī 1879–1901, vol. 1, pp. 239 ff.; al-Maqrīzī 1967, p. 11. See also A.S. Ehrenkreutz 1972, pp. 102–103; idem. 1970, p. 39; P. Grierson 1960, pp. 241 ff.; M. Lombard 1947, pp. 143 ff.

early Muslim conquests, as noted, resulted in powerful injections of investment capital into the conquered provinces.

This ready availability of ample cash in the hands of the Muslim invaders and immigrants, in turn, greatly stimulated urban growth as well as vital manufacturing and agricultural demands – and concurrently with them, quality currency needs. For it was axiomatic, then as now, that a rapidly expanding economy invokes an increase in coinage volume; whereas a shrinking one calls for its withdrawal.

Indeed, medieval source evidence makes indelibly clear that the economic growth stimulated by the rapid expansion of Islam, and the commercial growth that attended it, necessitated massive demand increases for coinage then in circulation. The need was readily evident.

As numismatic studies of Ehrenkreutz,[63] Lombard,[64] Grierson,[65] and others indicate that, both quantitatively and qualitatively, the debut of this preeminent new Muslim currency enjoyed an impressive economic impact. Maurice Lombard, in commenting upon the volume of coinage now put into circulation, asserts that it was made possible only because of the return to circulation of prodigious quantities of precious metals and art objects made of them that had accumulated in church treasuries prior to the Islamic conquests. These sweeping treasury liquidations, in turn, provided the requisite raw materials inputs for the massive currency production that spearheaded the early Muslims' dramatic 1st/7th–2nd/8th century military expansion.[66]

Internationally, this new premier coinage likewise doubtless advanced the rapid outflow of Muslim commerce by underwriting it with a currency of unquestioned quality. So great was its appeal, in fact, that, as will be documented *infra*, there are recorded instances of 2nd/8th century European monarchs deliberately emulating it to facilitate their own entries into international markets.[67]

Domestically, it likewise lent substantial impetus to the heretofore described massive commercial and construction booms that characterized the first centuries of Islamic rule – stimulating vibrant economic activity through diversified industrial production and integrated wholesale and retail marketing everywhere throughout the realm.

63 See A.S. Ehrenkreutz 1966, pp. 226 ff.; idem. 1959, pp. 135 ff.
64 M. Lombard 1947, passim.
65 P. Grierson 1960, passim.
66 M. Lombard 1947, passim, and p. 156 in particular.
67 Cf. C.E. Blunt 1961, pp. 50–51; J. Schacht 1931, p. 106.

Thus, if it may accurately be posited that the modern financial precept of "monetary velocity" – stipulating that both the quantity and quality of currency in circulation at any given time reflect the level of economic activity ongoing in the issuing realm – also held true in Islamic times, it may be confidently asserted that ᶜAbd al-Malik's bold monetary reforms are indicative of the vigorous and dynamic commercial age over which he and his Umayyad dynastic successors for nearly a full century presided.

C. The ᶜAbbāsid Apogee of Trade

(i) Baghdad: the Concourse of Global Commerce

With the transfer of the Islamic caliphate from the Umayyads to the ᶜAbbāsids in 132/750, moreover, and with it, their seat of governance from Syria to Iraq, the *Dār a-Islām* now found itself even more directly situated at the concourse of trans-continental commerce. Professor al-Dūrī describes its strategic location thusly:[68]

> The geographic location of Iraq made it a land bridge between Iran, India, Central Asia, and China on one side; and the Arabian Peninsula, Syria, Egypt, and the West on the other. Thus, under suitable conditions, the inhabitants of Iraq were able to become the effective intermediaries of the commerce of the civilized world.

Indeed, at its ᶜAbbāsid apogee, the Islamic empire comprised one of the largest land masses ever assembled under a single administration – extending from the Oxus River in the east to Tripoli in the west; and from Yemen in the south to the Caspian and Black Seas in the north. Writing circa 365/975, the Arab geographer Ibn Ḥawqal asserts:[69]

> To its east is India and the Indian Ocean (*Baḥr al-Fāris* = "Persian Sea"). To its west is the "Kingdom of Blacks" who live on the Atlantic Ocean. To its north is Byzantium. . . . and to its south, the Indian Ocean.

A contemporary, al-Muqaddasī, estimated that to cross from its furthest extremity, Kaskar, in the east, to al-Sūs at its western extremity in Africa, was a journey of some ten months.[70] At the ᶜAbbāsid caliphate's heartland were the eight principal provinces of Iraq and Persia:

68 ᶜA.ᶜA. al-Dūrī 1974, p. 179.
69 Ibn Ḥawqal 1872, pp. 10–11.
70 Al-Muqaddasī 1906, p. 64.

1. Mesopotamia, whose principal cities were Baghdad, Wāsiṭ, al-Kūfah, al-Baṣrah, al-Raqqah, and al-Mawṣil;
2. Ādharbayjān, which contained Tabrīz and Ardabīl;
3. Al-Jibāl, including Hamadhān, Rayy, and Iṣfahān;
4. Khūzistān, south of al-Jibāl, including Tustar and al-Ahwāz;
5. Fāris, east of Khūzistān, home to Shīrāz, Sīrāf, and Yazd;
6. Kirmān, east of Fāris, host to the cities of Kirmān and Hurmūz;
7. Sīstān, directly opposite Kirmān; and
8. Khurāsān, northwest of Sīstān, consisting of Nīsābūr, Marw, Harāt, and Balkh.

Early on, Baghdad was built to be the administrative capital of this massive new empire. Founded in 145/762, the sources make clear that this site was selected with a clear view to its commercial potentials. Al-Ṭabarī attributes to its founder, the caliph al-Manṣūr, the insight:[71]

> There is the Tigris, to put us into trade contact with lands as far as China, and to bring us all that the seas yield as well as the foodstuffs of Mesopotamia. And there is the Euphrates to transport to us all that Syria, al-Raqqah, and their regions have to offer.

The early medieval Arab historian al-Yaᶜqūbī, in a similar contemporary insight into the planning of Baghdad's strategic transport siting, asserts:[72]

> It is an island between the Tigris and the Euphrates. The Tigris to the east and the Euphrates to the west are twin waterfronts for the world. Everything that arrives on the Tigris from Wāsiṭ, al-Baṣrah, al-Ubullāh, Fāris, ᶜUmān, al-Baḥrayn and other proximate places can go up to it and anchor. In the same way, whatever is carried on the boats on the Tigris from al-Mawṣil, Diyār Rabīᶜah, Ādharbayjān, and Armenia, and whatever is carried on such boats on the Euphrates from Diyār Muḍar, al-Raqqah, and Syria, as well as border towns ("*thughūr*"), Egypt, and al-Maghrib, can now come to this terminus and unload here.
> It is a prime meeting place for the people of al-Jibāl, Kūr, and Khurāsān. . . . It will surely be the most flourishing city in the world.

Al-Muqaddasī, in turn, advises that Caliph al-Manṣūr deliberately choose this location only after having been assured by its local residents that from a strategic merchandising standpoint: [73]

71 Al-Ṭabarī 1879–1901, vol. 3, p. 272.
72 Al-Yaᶜqūbī 1892, vol. 7, p. 237.
73 Al-Muqaddasī 1906, pp. 119–120.

> You will always be surrounded by palm trees and be near water – so that if one district suffers from drought, or fails to yield its harvest in due season, there will be relief from another; while being on the banks of the al-Ṣart (canal), provisions will reach you on the river boats that ply the Euphrates. Caravans from Egypt and China will come by way of the desert, and all types of products will reach you from China via the sea, and from the realm of the Greeks and from al-Mawṣil via the Tigris. Surrounded by rivers, the enemy cannot approach, except in a ship or over a bridge, by way of the Tigris or the Euphrates.

Accordingly, Baghdad was ideally situated to be both a major entrepôt of trade and a secure seat of government. In its construction, sources indicate, al-Manṣūr spent 4,883,000 *dirhams* and employed more than 100,000 workmen. To promote trade, he also reportedly had built a wide variety of shops, financed with public revenues, that he rented to private merchants.

Destined to be a major urban center, by the 3rd/9th century, Baghdad covered over 25 square miles and boasted a population approaching a half million people, more than double that of Constantinople.[74]

Thus optimally sited for commerce – located at the intersection of three major river routes and five major land routes – its waterborne options included:

1. the Upper Tigris route, which led north to al-Mawṣil and Armenia;
2. the ᶜĪsā and Euphrates rivers, which trended northwest toward Syria; and
3. the lower Tigris, coursing southeast to the Arabian Gulf, and opening onto the Indian Ocean.

Its principal land routes, as described by Ibn Khurradādhbih, in turn, were:[75]

1. from Baghdad on westward, via Ṣāliḥīyah, al-Anbār, Hīt, al-Raqqah, Ḥimṣ, Damascus, Ṭabarīyah, al-Ramlah, and al-Fusṭāṭ to al-Maghrib;
2. from Baghdad north, via al-Mawṣil, through al-Raqqah, via al-Bardān, al-Qādisīyah, Sāmarrā', al-Karkh, al-Zāb al-Aṣghar, and Naṣībīn;
3. from Baghdad on eastward to Khurāsān via Nahrawān, Iṣfahān, Hamadhān, Qazwīn, al-Shāsh, Marw, Bukhārā, Samarqand, Farghānah, and Balkh;

74 Al-Ṭabarī 1879–1901, vol. 3, pp. 276, 326; al-Balādhurī 1866, pp. 117–118; Yāqūt 1866–1873, vol. 1, p. 683; I. Lapidus 1988, p. 69.

75 Ibn Khurradādhbih 1889, pp. 18–38, 93–95, 125.

4. from Baghdad south to Wāsiṭ and al-Baṣrah;
5. and from Baghdad southwestward to Makkah by means of Kuthaḥ, al-ᶜUdhayb, and al-Qādisīyah.

Baghdad was also linked, by land and sea, to an intricate network of commercial centers within Iraq itself. Among them, very soon after the rise of ᶜAbbāsid rule, major new port facilities were constructed at al-Baṣrah and neighboring al-Ubullāh on the Arabian Gulf to afford the new capital direct access to Indian Ocean trade.

From these seaports, or alternately, from Sīrāf on the Persian coast, merchant ships could proceed to ᶜUmān and Yemen, from whence they could embark on one of two major trade routes – westward to East Africa, Zanzibar, and the Comoros Islands; or eastward to India, Malaysia, and China.

A work frequently attributed to al-Jāḥiẓ likewise refers to al-Baṣrah in this era as a "city of great industry. . . . and commerce," including it "amongst the ten great cities of the world." Al-Muqaddasī waxes eloquent in describing the merits of its commerce:[76]

> Have you not heard of the fine silks of al-Baṣrah, of its cottons and its outstanding wares? Al-Baṣrah is a mine of pearls and jewels, a seaport and a land entrepôt. . . .

Al-Mirbad was the principal market linking al-Baṣrah with inland trade – with various land routes connecting it to other principal commercial centers as well. Al-Mawṣil, on the Tigris, in turn, was a major city in northern Iraq. Yāqūt considered it the gateway to Iraq and the portal to Khurāsān. It likewise was a prime terminus of merchandise from Ādharbayjān, Armenia, and Damascus, from whence massive quantities of grains and other food-stuffs were imported.[77]

Al-Kūfah, on the Euphrates, also was a major commercial center – a prime rest stop on a major pilgrimage route as well as a significant center of caravan trade. Early on, the garrison town of Wāsiṭ was likewise built as a midway station between al-Kūfah and al-Baṣrah.

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76 On the trade of al-Baṣrah and other principal Iraqi cities in this era, see al-Jāḥiẓ 1935, pp. 25 ff.; al-Muqaddasī 1906, pp. 33, 128, 206–207; al-Ṭabarī ((1879–1901) vol. 4, pt. 1, p. 2023) refers to al-Ubullāh as *"farj al-Hind"* (the "ingress to India").

77 Yāqūt 1866–1973, vol. 4, p. 683; al-Muqaddasī 1906, p. 138; Ibn Ḥawqal 1872, p. 215.

Much later, in 221/836, with the completion of Sāmarrā' as the new ᶜAbbāsid capital 100 kilometers up the Tigris from Baghdad, that city would similarly become a major commercial city – as paper, cloth, carpet, and glass producers, and other craftsmen flocked to it to seek productive livelihoods. Succinctly put, it was, in the cogent words of al-Masᶜūdī, the seventh and "last of the great cities founded in Islam."[78]

Within these major metropoles, then, commerce flourished – as an abundance of natural resources, combined with a broad variety of crafts and skills at work within the *Dār al-Islām,* made possible a very brisk trade both in exports and imports. A comprehensive list of production centers and their main commodities transacted is presented by Professor al-Dūrī in his seminal *Ta'rīkh al-ᶜIrāq al-Iqtiṣādī fī al-Qarn al-Rabīᶜ al-Hijrī* – which describes fourteen major ᶜAbbāsid regional export hubs as well as fourteen key "ports of call" for Muslim importers actively in operation at this time.[79]

The medieval Arab sources similarly abound with references to the extremely productive output of the outlying regions of the *Dār al-Islām*. Featuring textiles, agrarian produce, and other commercial goods characterized both by their great volumes and diversities, such production included:[80]

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78 Al-Muqaddasī 1906, pp. 117, 138; Ibn Rustah 1892, pp. 171 ff.; al-Yaᶜqūbī 1892, pp. 258–263; Ibn Ḥawqal 1872, p. 217; al-Masᶜūdī 1893, p. 357 – the others being the Iraqi cities of al-Baṣrah and al-Kūfah, both founded in 17/638; al-Fusṭāṭ, founded in 20/641; al-Ramlah and Wāsiṭ, founded in 13–14/634–636; and Baghdad, founded in 145–146/762–763.

79 ᶜA.ᶜA. al-Dūrī 1974, pp. 138 ff.

80 On this, see Ibn Khurradādhbih 1889, pp. 18–38, 93–95, 125 ff.; al-Muqaddasī 1906, pp. 128–129, 138–145; Nāṣir-ī Khusraw 1945, p. 70; Ibn Ḥawqal 1872, p. 217; al-Jāḥiẓ 1935, pp. 25–35; al-Thaᶜālabī 1867, pp. 426–428; Ibn Rustah 1892, pp. 149 ff.; ᶜA.ᶜA. al-Dūrī 1974, pp. 138–141; J.W. Thompson 1959, pp. 352–355.

The modern word for the cloth *muslin,* in fact, derives directly from its Arabic "muslim" counterpart.

Table II: *Economic Production of outlying Islamic Regions*

Region(s)	**Products produced:**
Damietta, Tinnīs and Alexandria (Egypt)	linens and ṭirāz
Jurjān and Sīstān (Persia)	silk and silk products
al-Ahwāz, Nīsābūr, and Marw	silks and cotton weaving
Ṭabaristān and Armenia	felts, wools, mats, pack saddles, and carpets
Hamadhān	skins, cheese, and saffron
Fāris	perfumes, syrups, ointments, linen clothing, carpets, and brocades
Tustar and Ādharbayjān	fruits, orchards, and vineyards
al-Rayy	agricultural products, needles, combs, bowls, suits, linen cloth, woolen cloaks, leather goods, bridles and saddles, and archery bows
al-Baṣrah	agricultural products (especially dates), silk, rosewater, henna, and flowers
al-Raqqah	olive oil, reeds for pens, and quinces
Ḥulwān	pomegranates, figs, and vinegar sauces
Kirmān	indigo and cumin
Balkh	grapes and truffles
Iṣfahān	honey, quinces, fruits and syrups, saffron, soda, salt, and lead
al-Mawṣil	curtains, cotton goods muslins, grains, dairy products, honey, quail, and salted meat
al-Kūfah	dates, paints, and silk kerchiefs
Khūzistān and Khwārizm	sugar cane and furs

The 3rd/9th century Arab litterateur, al-Jāḥiẓ, in an oft attributed work titled *Al-Tabaṣur fī Tijārah,* in turn, lists 31 separate external sources of merchandise then being imported by the ᶜAbbāsid caliphate – consisting of a variety of goods produced in regions ranging from China in the east to Africa in the west.[81]

The 4th/10th century scholar Abū al-Faḍl al-Dimashqī also notes a wide range of high quality products being imported into the *Dār al-Islām* from sundry international markets in his era – and the sources and

81 Al-Jāḥiẓ 1935, pp. 25 ff.

qualities of various other "eastern" products such as spices and paper then in market circulation are similarly cited.[82]

In sum, the Baghdad-based caliphate had now become a veritable emporium of merchandise – a vast trade mart produced by the Islamic administration's intense commitment to promoting and exploiting its mercantile activities. It is to this ᶜAbbāsid concern for commerce, and its dispersion, then, that this inquiry now turns.

(ii) The Direction and Dispersion of ᶜAbbāsid Trade

Baghdad, as noted, was not only the administrative headquarters of the ᶜAbbāsid empire, it was the nexus of its mercantile activity – as from its marketplaces, trade routes moved outward from this new capital in every direction. Internally, as noted, many key cities of Mesopotamia were linked in an integrated network of rivers and canals. The Tigris connected Baghdad to al-Mawṣil in the north and to al-Baṣrah near the Arabian Gulf to the south.[83]

The Euphrates River, in turn, connected the caravan city of al-Raqqah in the northwest with the central regions of Iraq, then joining with the Tigris River north of al-Baṣrah. In the vicinity of Baghdad itself, transport was possible between the Tigris and Euphrates via the al-ᶜĪsā canal and its subsidiaries. In southern Iraq, the al-Nīl canal joined these two historic waterways.[84]

External land and sea routes built out from this internal network, radiating outward from Baghdad in spoke-like fashion. The contemporary eastern trade of the ᶜAbbāsid caliphate consisted both of merchandise from Iran and oriental goods and wares brought in from India and the Orient.

Silk, cotton goods, and carpets were imported from such towns as Samarqand, Marw, Nīsābūr, Khurāsān, Khwārizm, al-Rayy, and Yazd. Furs, skins, hides, and sundry leather goods arrived from Transoxiana, Hamadhān, Ardabīl, and Qumm; while spices such as saffron, soaps,

82 Abū al-Faḍl al-Dimashqī 1977, pp. 12 ff.

83 Ibn al-Athīr 1851–1876, vol. 8, p. 15; Ibn Rustah 1892, pp. 122–123; al-Muqaddasī 1906, p. 124; Ibn al-Jawzī 1923, p. 24.

84 Al-Muqaddasī 1906, p. 124; al-Yaᶜqūbī 1892, pp. 250, 269, 324; Yāqūt 1866–1873, vol. 4, p. 432; Ibn Ḥawqal 1872, p. 176; Ibn Khurradādhbih 1889, pp. 18–38, 72–84, 93–95.

and perfumes came from Fāris, Ādharbayjān, and Ṭabaristān. Other essential foodstuffs such as honey, dates, dried fruits, spices, and dried fish also were imported from Kirmān, Khūzistān, Lake Van, and other regions of resource-rich Persia.[85]

From India, in turn, came cotton clothes, silk, hemp, indigo, aloes, teak, sandal-wood, camphor, cloves, coconuts, and grains such as wheat, barley, and millet – whereas silks, swords, musk, aloes, saddles, porcelains, sable, and other luxury items were brought in from China.

The 4th/10th century Arab geographer al-Muqaddasī reports his amazement at the high quality of Chinese teakwood products that he had found in Sīrāf. In exchange, clothing and carpets from the Levant, and precious metals, gemstones, perfumes, aromatics, ivory, and other products of Arabia and Africa were in demand in the Far East.[86]

The most famous overland commercial route to central Asia at this time was known as the "Khurāsān Highway." Setting out from Baghdad, this route proceeded along the "King's Highway" of antiquity across the Zagros mountains into Persia via Nahrawān, Ḥulwān, and the Asadābādh passes, on into Hamadhān.

There, it linked up with the "Silk Road" transiting Persia, passing through al-Rayy, Qarmāsīn, al-Dāmghān, Nisābūr, Marw, and Āmul, on into Transoxiana, where it passed through Bukhārā and Samarqand. Beyond Samarqand, at the eastern end of the Farghānah Valley, this route forked out, with one course going northward to Taskhent in central Russia, the other eastward into China. A second route to China went overland via the Tibetan highlands, but this rugged and treacherous journey, some sources indicate, was seldom used except for trade in musk.[87]

Various vital feeder routes further facilitated the regional transit of commodities. Qarmāsīn on the "Silk Road" was interconnected via Tabrīz to Tiflis in Georgia. Hamadhān, in turn, was linked with Tabrīz via Ardabīl. Al-Rayy, also on the "Silk Road," carried on its overland commerce with Sīrāf on the Arabian Gulf via Kāshān, Iṣfahān, and Shīrāz.

85 Ibn Rustah 1892, pp. 149 ff.; al-Muqaddasī 1906, pp. 353 ff.; al-Iṣṭakhrī 1870, pp. 57, 154, 183–184, 198, 211 ff., 232, 255 ff.; B. Spüler 1970, pp. 17–19.

86 Al-Muqaddasī 1906, p. 426; Ibn Khurradādhbih 1889, pp. 70–71.

87 Ibn Rustah 1892, pp. 149 ff.; Ibn Khurradādhbih 1889, pp. 18–27, 154 ff., 178; Ibn Ḥawqal 1872, pp. 465, 481–482; Ibn al-Athīr 1851–1876, vol. 8, p. 364; al-Ṣayrafī 1811, pp. 200–202; al-Tanūkhī 1904, vol. 2, p. 11; Miskawayh 1920–1921, vol. 2, p. 350.

Damghān was connected to Jurjān in Khwārizm and to Shīrāz via Nisābūr and Yazd. Shīrāz likewise carried on key overland commerce with Nisābūr via Kirmān, Zaranj, and Harāt. Still another feeder route ran from Marw to Samarqand, thereby completing key central Asian trade linkages.[88]

In addition to the aforesaid diversion of a branch of the "Silk Road" northward to Tashkent, several other key commercial routes connected the trade of the ᶜAbbāsid caliphate to northern Europe as well. Much of this trade was not borne directly by Muslim merchants, it must be noted, but rather was carried on by intermediaries such as the "Rūs," "Khazars," and "Rādhānite Jews," itinerant groups whose activities are described at greater length in Appendix B.

The Rūs appear to have brought their goods via the Don River to the Volga, then transported them by river boats to the southern shores of the Caspian Sea, whence they were carried onward by Muslim merchants via camel to Baghdad.[89] The most important trade routes of the Khazars also passed through the basins of the Don and Volga rivers; along the shores of the Azov Sea; and across territories lying between the Black Sea, Caspian, and Aral Seas.

One commercial route of the "Rādhānite Jews," according to Ibn Khurradādhbih, likewise crossed the land of the "Khazars," then transited the Caspian, and off-loaded in Balkh – where it connected into the traditional Iranian overland road network heretofore described. It appears that, at times, Muslim merchants also traded directly with their counterparts from Kiev.[90]

There were two major overland routes to India as well. One ran from al-Baṣrah to al-Ahwāz to Kirmān to Mukrān to al-Sind, and thence to India. A second route went from Khurāsān to al-Sind, and then on into various Indian ports. These land routes, sources suggest, were generally perilous from both political and security standpoints, and sea trade with India was generally much preferred.[91]

88 Sources cited in the preceding footnote.

89 Ibn Rustah 1892, p. 145; Ibn Khurradādhbih 1889, p. 154; ᶜA.ᶜA. al-Dūrī 1974, p.151.

90 Ibn Rustah 1892, p. 140; Ibn Khurradādhbih 1889, pp. 153–155; Ibn Ḥawqal 1872, pp. 388, 390, 392, 394, 498; al-Masᶜūdī 1861–1877, vol. 2, pp. 11–12; al-Iṣṭakhrī 1870, pp. 217 ff., 221, 225–226.

91 Ibn Khurradādhbih 1889, p. 154; al-Masᶜūdī 1861–1877, vol. 2, pp. 208, 349; al-Iṣṭakhrī 1870, pp. 170 ff.

Paralleling these land routes to the Orient were sea lanes to both India and China. Al-Baṣrah, al-Ubullāh, Sīrāf, and ᶜAdan on the Arabian Gulf, as noted, were prime ports of entry for oriental seaborne trade – as each of these port facilities played a key role in connecting the commerce of the ᶜAbbāsid caliphate with principal Red Sea ports on the western shores of the Arabian peninsula such as Jiddah and al-Jār in the Ḥijāz as well as ᶜAydhāb and al-Qulzum in Egypt.

Other prime port cities on the eastern shores of the peninsula – among them Baḥrayn, Masqaṭ, al-Qaṭīf, and Ṣuḥār – also served as entrepôts for oriental goods, whence they would be carried by caravan to inland destinations throughout the hinterland.[92]

Many land and sea routes similarly connected Baghdad with the westernmost reaches of the *Dār al-Islām*, although the overall volume of the caliphate's westerly trade appears to have been significantly less than that transacted with the Orient. One primary overland trade route ran westward from Baghdad through al-Anbār, Hīt, al-Raqqah, Damascus, Ṭiberius, and al-Ramlah, passing into Egypt and transiting such cities as Ghazzah (Gaza), al-ᶜArīsh, Bilbīs, and al-Fusṭāṭ, continuing enroute to Alexandria.

Another route broke off from this primary course at al-Raqqah heading toward Aleppo, thence to Qinnasrīn, Antioch, and northward to Byzantium.[93] At Alexandria, the primary branch of this traditional trade route across the Levant and Egypt connected with yet another land route crossing the length of North Africa – then passing through such prime commercial centers as Barqah, Tunis, Qayrawān, Sijilmāsah, and al-Marīyah, eventually reaching Spain via the straits of Gibralter.[94]

A variety of land trade routes previously described also ran southwestward from Baghdad via al-Kūfah, connecting Mesopotamia to various mercantile centers on the Arabian Peninsula. From there, they

92 Sulaymān al-Tājir 1811, pp. 14 ff.; al-Qazwīnī 1979, p. 77; Ibn Khurradādhbih 1889, pp. 61 ff.; Ibn Ḥawqal 1872, pp. 282, 290; al-Iṣṭakhrī 1870, pp. 34, 79, 83–84, 93; al-Sayrafī 1811, p. 61; al-Muqaddasī 1906, pp. 4, 6, 79, 426–429, 442; al-Yaᶜqūbī 1892, vol. 7, pp. 335, 343–344; Ibn al-Mujāwir 1951–1954, vol. 1, pp. 50–51, 139; al-Qalqashandī n.d., vol. 3, p. 464, vol. 4, p. 258; R. Hodges and D. Whitehouse 1983, pp. 134 ff.

93 Al-Qazwīnī 1969, pp. 183–184, 189; Ibn Khurradādhbih 1889, pp. 72, 77–80, 93, 99; al-Iṣṭakhrī 1870, p. 45; al-Qalqashandī n.d., vol. 3, p. 464; al-Muqaddasī 1906, pp. 197, 199.

94 Ibn Khurradādhbih 1889, pp. 154–155; al-Qalqashandī n.d., vol. 5, pp. 163–164; al-Muqaddasī 1906, pp. 224–225, 231; Ibn Ḥawqal 1872, pp. 66–67, 96.

would join with trade routes crossing Africa via the various Red Sea ports described.

The principal sea route linking the ᶜAbbāsid realm with the western hinterlands of the *Dār al-Islām,* at this time, ran from al-Baṣrah, Sīrāf, and ᶜAdan, around the southernmost shores of the Arabian Peninsula, to such prime Egyptian ports-of-call as ᶜAydhāb and al-Qulzum.

From there, the merchandise would be carried overland to destinations in Egypt or central and east Africa; or alternately, onward to Alexandria and al-Faramā' on the Mediterranean, whence they would be taken by sea to sundry destinations in Western Europe.[95]

Inbound European goods, in turn, would be taken to al-Faramā', then shipped via the Mediterranean to Antioch, where they would be taken by caravan to Ḥawrān. From there, they would then be transported overland to the Euphrates and then downward through the ᶜĪsā canal to the Tigris, and thence, directly to Baghdad.

Hence, the *Dār al-Islām* under the ᶜAbbāsid caliphate was commercially linked into a very wide-ranging integrated network of principal land and sea routes.[96] The ᶜAbbāsid caliphs, keenly aware of the critical role that trade played in sustaining the economic vitality of their caliphate, in fact, took great pains to preserve optimal upkeep and security of its highly intricate transport system. To this end, maintenance of the road network was placed under the direct supervision of the "Director of Postal Services."

Early sources report the expenditure of substantial sums to keep such roads in operable condition. A network of governmental "rest houses" was strategically sited along these routes at intervals approximating "one day's journey" (a *marḥalah* = about 30 miles); and transit markers were placed at intersections that delineated the direction of the major routes. Military garrisons were likewise stationed at outlying "frontier towns" (*thugūr*) to preserve security of the regions through which the major commercial routes passed.[97]

Similar official concern was displayed in contemporary efforts to facilitate water-borne commerce. As noted, an intricate network of canals

95 Ibn Khurradādhbih 1889, pp. 28, 126–127; al-Iṣṭakhrī 1870, pp. 24–28.

96 Al-Muqaddasī 1906, pp. 91–92, 133–134; Ibn Khurradādhbih 1889, pp. 61, 153–154; al-Ṣayrafī 1811, pp. 136–137; al-Bīrūnī 1936, pp. 237–238.

97 Al-Yaᶜqūbī 1892, vol. 2, p. 337; al-Ṭabarī 1879–1901, vol. 3, pp. 121, 141, 604; vol. 6, pp. 439–440; al-Rūdhrāwarī 1916, vol. 3, p. 287, 290; ᶜA.ᶜA. al-Dūrī 1974, p. 144; B. Spüler 1970, p. 15; Ḥ. al-Miṣrī 1982, pp. 230, 381–395.

had been built to carry the river-borne trade in Mesopotamia – and a special "maritime patrol" now maintained operations stations along this river network to preserve the security of its mercantile activities.

An elaborate system of navigational aids likewise had evolved by the onset of ^{c}Abbāsid maritime ascendancy. In particular, dense fields of wooden buoys and scaffolds (*khashabāt*) containing beacons lit at night were erected in various ports of the Arabian Gulf, the Red Sea, and elsewhere along proximate coastlines to warn navigators of particularly treacherous shallows.[98]

In short, a massive international trading network soon rapidly spread out under the early ^{c}Abbāsids – actively promoted, in no small part, by the caliphal government itself. Their resulting commercial achievements thereby became the capstone of longstanding productive early Arab trade.

Founded upon a powerful legacy of Ḥijāzī mercantile tradition and lent structure by the economic doctrines of Islam – an intricate trading network that had begun in pre-Islamic Arabia, was impelled by the early Muslims, and culminated, in its full fruition, under the Umayyad and early ^{c}Abbāsid dynasts. The result was a vibrant economic outcome that would ultimately empower the *Dār al-Islām* to forge the most far-reaching and dynamic commercial empire that the world to date had known.[99]

2.3. The Fāṭimid Eclipse of the ^{c}Abbāsids

Having thus established the long and strong international trade foundations of the *Dār al-Islām,* remaining foci of this inquiry are devoted to its ideological economic underpinnings; and to precisely how its nascent commercial capitalism first grew to produce a dynamic system of productive industrial enterprise in Fāṭimid Egypt. From there, it passed, via merchants of diverse origin, to the Italian "city states" in the

98 On these developments, see Nāṣir-i Khusraw 1945, pp. 151–152; al-Iṣṭakhrī 1870, pp. 32–33, 79; al-Mas^{c}ūdī 1861–1876, vol. 1, pp. 229–230, 382; al-Muqaddasī 1906, pp. 10–11, 16–17; Ibn Rustah 1892, pp. 184–185; al-Miṣrī 1982, pp. 226–228; H. Pirenne 1974a, pp. 152–153, 164; G. Hourani 1963, pp. 69–70; A. Mez 1962, vol. 2, p. 440.

99 For greater detail on the full global extent and dispersion of this ^{c}Abbāsid trade, see Appendix B.

4th/10th–5th/11th centuries, there culminating in the emergence of a parallel free market economy throughout Christian Europe as well.

Such analysis will demonstrate, in fact, that it was just such "Arab capitalism" – derived from business models developed by early Muslim jurists – combined with the Islamic Empire's burgeoning demand for critical European raw materials during the Crusades, that produced a commercial impetus which, in no small part, later would greatly abet the rescue of Western Europe from its medieval feudal economic doldrums.

Concurrently, within the Near East itself, significant socioeconomic change also was transpiring. For though the 2nd/8th– 4th/10th centuries were clearly commercially buoyant ones within the ᶜAbbāsid realm, the currents of both political and economic change likewise were cresting.

For with the coming of the Fāṭimids to Egypt in the 4th/10th century, the balance of political, as well as economic, power – the epicenter of administrative gravity of the *Dār al-Islām* – was now shifting from Baghdad to Cairo. Indeed, capitalizing early on upon that country's inherent economic strengths, the Fāṭimids soon led that country to its socioeconomic and fiscal apogees in the Middle Ages.

At the same time, the ᶜAbbāsid empire centered in Baghdad was beginning to evince the classic symptoms of inner decay that inevitably had signaled the demise of many medieval Muslim dynasties. A black slave revolt in northeast Arabia midway through the 3rd/9th century was an early ominous harbinger of the debilitating chaos to come.[100]

A series of increasingly serious fiscal crises that commenced in the 3rd/9th century likewise wreaked devastating havoc upon the now fragile fiscus of the Sunnī caliphal state.[101] Remote provinces of the empire now broke off their political relations with the caliphate with distressing regularity as well. Increasingly more onerous taxation to support the need for larger armies to protect it from its enemies without, as well as to maintain its domestic tranquility within – reminiscent of the decline of imperial Rome – also began to sap the economic vitality of the heretofore highly vibrant private sector of the ᶜAbbāsid domain – with a decline in its agricultural production and a depopulation of rural areas concomitantly setting in.

Bureaucratic corruption and frequent conflicts for succession to the caliphal office further added to ongoing economic deterioration – and

100 On this revolt, see E. A. Ashtor 1976, pp. 117 ff.

101 D. Waines 1977, pp. 282 ff.; E. A. Ashtor 1976, pp. 134 ff.

the resulting internal insecurity, combined with periodic outbreaks of pestilence, at times caused panic amongst the masses.[102]

The coming of the Buwayhids, an itinerant Iranian tribal group that had entered Baghdad in 334/945 and proceeded to usurp the powers of the caliphate, however, was the *coup de grace* in the demise of the ᶜAbbāsid caliphate as an independent and effective governing force.

Already, for decades, the caliphal rulers had been forced to resort to conceding tax-farming rights (*iqṭāᶜāt*) to military commanders and other ranking dignitaries in order to raise revenues to sustain their armies. With the arrival of the Buwayhids, a serious socioeconomic drift toward feudalism accelerated further – as a devastating inverse industrial parallel concurrently progressively set in.

For paradoxically, as the erstwhile moribund medieval states of the Christian West now transcended from feudalism into a more dynamic form of capitalistic endeavor in the later Middle Ages – abetted, in no small part, by Islamic business prototypes and financial models, the heretofore economically dynamic dynasties of the Islamic East now simultaneously degenerated from capitalism into a debilitating form of feudalism, often directly as a result of their unceasing efforts to generate ever-increasing revenues to sustain their massive militaries through tax-farming.[103]

Yet quite ironically, in the 4th/10th century, just as the ᶜAbbāsid caliphate in the "Arab East" (*al-Mashriq*) was approaching its demise for these very reasons, the Fāṭimid caliphate in the "Arab West" (*al-Maghrib*), primarily as a result of its *laissez faire* market policies, was setting out on an upward trajectory of spectacular political and economic ascendancy in Egypt.

Indeed, the 4th/10th century Arab geographer, al-Muqaddasī, and a contemporary, the Muslim philosopher, al-Kindī, both describe in glowing terms the great economic prosperity of the Fāṭimids' "Nilocentric Empire," with the former asserting:[104][105]

102 A. Lieber 1968, p. 235; C. Cahen 1970, pp. 353 ff.; idem. 1977b, pp. 359 ff.; B. Lewis 1966b, pp. 94 ff.; idem. 1970, pp. 102 ff.; E. A. Ashtor 1976, pp. 135 ff.; D. Waines 1977, pp. 282 ff.

103 C. Cahen 1977c, pp. 231 ff.; B. Lewis 1966b, pp. 646 ff.; idem. 1970, pp. 104 ff.; E. A. Ashtor 1976, pp. 168 ff.; A. Lampton 1965, pp. 358 ff.; idem. 1953, pp. 49 ff.

104 See sources cited in preceeding footnote.

105 Al-Muqaddasī 1906, pp. 36, 197; see also al-Kindī 1971, pp. 47 ff., 57, ff., 65 ff.

> Know that Baghdad was once a magnificent city; but it is now rapidly falling into ruin and decay, and it has lost its splendor. . . . Al-Fusṭāṭ (which was to become Cairo) of Egypt in the present day is like Baghdad of old. I know of no city in Islam superior to it. . . .
> "Al-Fusṭāṭ is a true metropolis in every sense. . . . It has supplanted Baghdad and is the glory of Islam and the center of world commerce. The "City of Peace" (*Madīnat al-Salām* = Baghdad) cannot compare to it in greatness. It is the treasury of the West and emporium of the East!

It is to a detailed evaluation of the evolving rationalization of medieval Islamic economic doctrine, and its subsequent pragmatic application in Fāṭimid Egypt, then, that this inquiry now turns.

Chapter 3

Islamic "Free Market" Doctrine Pragmatically Applied

Given the vast expanse of Arab global commerce described in Chapter 2.1, it is evident that powerful *laissez faire* market forces were pervasively at work within the markets of the medieval Islamic state. In the process, contemporary source evidence leaves little doubt that the prime impelling force behind the spectacular success of the Arab global trade offensive was "profit motive" – intrinsic human inspiration characterized by the desire for both private property ownership and "capital gain."

Indeed, because of this key motivational dynamic, a variety of creative financial instruments – founded in Islamic law, and in a continuing state of evolution from the early days of the prophet Muḥammad – now sprang to even greater prominence. For the medieval Muslims' innate entrepreneurial instincts, as tempered by their religious ban on prime interest-bearing transactions, probably did more to shape the rise of their international commercial empire than any other impetus.

In the early conceptualization of its pro-active mercantile instruments, the *Dār al-Islām* was clearly the beneficiary of the intellect of many highly gifted scholars. Such luminaries, and their contributions, included:

– al-Dimashqī's seminal work: *Al-Ishārah ilā Maḥāsin al-Tijārah;*
– al-Shaybānī's equally insightful: *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb;*
– al-Jāḥiẓ's oft-attributed *Al-Tabuṣṣur bi'l-Tijārah;*
– al-Sarakhsī's *Kitāb al-Mabsūṭ;*
– al-Maqrīzī's *Shudhūr al-ᶜUqūd fī Dhikr al-Nuqūd;*
– Abū Ubayd's *Kitāb al-Amwāl;*
– al-Mawardī's and Abū Yaᶜalā's identically titled *Al-Aḥkām al-Sulṭānīyah;*
– Ibn Mammātī's *Qawānīn al-Dawāwīn;*

- al-Qalqashandī's *Ṣubḥ al-A^{c}shā;* and the
- *Kutub al-Kharāj* of Abū Yūsuf, Yaḥyā b. Ādam, and Qudāmah b. Ja^{c}far –

– a diverse genre of financial and administrative works that significantly helped to forge the Islamic state's decidedly commercial character. For in addition to labor supply, which was generally available in abundance after the early Islamic conquests, the ideological underpinnings of the medieval Muslims' economic doctrine were manifest in three integral financial precepts:

- private profit motive and the quest for capital augmentation;
- fiducial instruments to meld them – i.e. effective corporate tools for productively investing private capital; and
- the ancillary "business tools" of commercial capitalism –
- all operating within a structured economic climate amenable to the conduct of productive business operations.

A review of each concept, at this stage, is illuminating.

3.1. Private Profit and the Desire for Capital Augmentation

A. Private Property Ownership and the Quest for Personal Gain

Fundamental amongst early medieval Muslims' financial motivations was their consummate quest for private property ownership – a commitment congruent with their conviction that God had allocated to them hereditary rights to private earthly possessions – pursuant to the Divine Qur'ānic mandate that:

> It is He who created for you all things that are on Earth (*Sūrat al-Baqarah, Āyah 29);*
> It is He who made you inheritors in the Earth (*Sūrat al- Fāṭir, Āyah 39);*
> Do not give unto the foolish your wealth, which Allāh has made as a means of support for you (*Sūrat al-Nisā', Āyah 5);*
> It is He who set the earth for (His) creatures. Therein are fruits and producing date palms; and corn, with leaves and stalks for fodder; and the sweet smelling plants. Then which of the favors of your Lord will you deny? (*Sūrat al-Raḥmān, Āyāt 10–14);*

> Remember how He made you inheritors. . . . and gave you habitations in the land. You build for yourselves palaces and castles in the plains; and carve out homes for yourselves in the mountains (*Sūrat al-A^c^rāf, Āyah 74)*; and
>
> Fair in the eyes of men is the love of things that they covet: women and children, stored up heaps of gold and silver, and branded horses and cattle and cultivable lands. These are possessions of this world. (*Sūrat Āli ^c^Imrān, Āyah 14).*

In this manner, the Qur'ān sanctioned *milk,* ownership of physical possessions – whether their acquisition was original (*iḥrāz*); acquired through a property transfer (*naql*); or earned through direct "use" (*istighlāl*).[1] The pursuit of such possessions, then, was the driving force from which their more complex and innate financial aspirations issued.

B. The Role of "Profit Motive" in the Quest for Personal Gain

Analysis has demonstrated the firm commitment of the *Dār al-Islām* to a powerful monetary economy. To amass private wealth, medieval Muslims focused upon acquiring stable and investable physical assets – among them, ready cash and commercial inventories.

Indeed, the collectively cited works of al-Balādhurī (d. 279/892), al-Ya^c^qūbī (d. 294/907), al-Ṭabarī (d. 211/923), al-Muqaddasī (d. 375/985), Ibn Khaldūn (d. 809/1406), al-Maqrīzī (d. 846/1442), and others – spanning well over half a millennium – make clear that throughout the course of their era, the medieval Muslims consistently understood the importance of currency quality, nuances of monetary policy, and the economic significance of shifts in cash exchange rates.

At the same time, their treatises reveal that from the onset, their caliphs were committed to maintaining the intrinsic values of their currencies, denominated to precise gold and silver standard, to ensure the healthy functioning of their aspired free and open marketplace.

For such financial assets were critical "economic stabilizers" in the ongoing quest to realize their prime commercial goal – personal gain. Indeed, the Muslim recognition of "profit motive" as an impelling force behind individual undertakings is evident in the early Islamic traditions. Among them, a poignant proverb attributed to Prophet Muḥammad held:[2]

1 On this, see J. Schacht 1964, pp. 134–143.

2 See al-Tirmidhī 1875, vol. 1, p. 145; Zayd b. ^c^Alī 1919, nos. 539, 544.

> If you make profit from what is permitted, it is like the *jihād* ("Holy War"); and if you use it for your family, it is like *ṣadaqah* ("alms").

The Qur'ān concurrently makes clear, nonetheless, that not all temporal wealth will necessarily be distributed equally; and that some will enjoy greater wealth than others – but that, regardless of one's economic status, it is desirable for an individual to put personally owned property and surplus capital to optimal productive use. To wit:

> In no way covet those possessions in which Allāh has bestowed His gifts more freely upon some of you than upon others; to men is allotted what they earn and to women what they earn. But ask of Allāh His bounty, for He has knowledge of all things (*Sūrat al-Nisā', Āyah 32).*

Predicated upon such precepts, then, all firmly founded upon the redeeming merits of trade, God makes his "capitalistic covenant" with His people:

> For those who read (Allāh's) book, and invest that which We have provided, they will enjoy unfailing profit from commerce (*Sūrat Fāṭir, Āyah 29).*

The pursuit of private profit motive thus was unquestionably a powerful driving force in the early Islamic marketplace. Indeed, the Qur'ān enjoins Muslims to seek gain through an honorable livelihood:

> When the prayer is finished, disperse through the land to seek Allāh's great bounty (*Sūrat al-Jumu*[c]*ah, Āyah 10)*;
> Man can have nothing except that for which he strives (*Sūrat al-Najm, Āyah 39)*; and
> Ask Allāh of His bounty, for Allāh hath full knowledge of all things (*Sūrat al-Nisā', Āyah 32).*

Such sanctions, and their implied encouragement of personal gain through productive private enterprise, were likewise supported in medieval Islamic exegetical literature. The seminal works of two early Muslim scholars, in particular:

- Muḥammad b. Ḥassan al-Shaybānī's (d. 188/804) *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb* ("Acquisition through an Agreeable Livelihood");
- and al-Jāḥiẓ's (d. 255/869) *Fī Madḥ al-Tujjār wa Dhamm* [c]*Aml al-Sulṭān* ("In Praise of Merchants and Condemnation of the Work of the Ruler") –

– for example, leave little doubt that earnings won through private enterprise were contemporarily perceived to be more preferable in the eyes of God than those earned in public sector undertakings. Indeed, al-Shaybānī prefaces his insightful treatise with the emphatic assertion:[3]

> Seeking a livelihood is an obligation imposed upon every Muslim.

Qur'ānic injunctions that exhorted individuals to more productive enterprise were powerfully supported by early Prophetic "traditions" (*aḥādīth*), including:[4]

> To seek lawful gain is the duty of every Muslim;
> When you have finished your morning prayer, do not rest until you have earned your livelihood;
> The best of works is lawful gain;
> To seek lawful gain is *jihād;*
> Well-being is ten-parts: nine lie in seeking a livelihood; and
> The best of gain is from honorable trade and from a man's work with his own hands.

The merits of earning a livelihood specifically through commerce is emphatically underscored through similar *aḥādīth:*[5]

> Merchants are the messengers of this world as well as the trusted servants of Allāh on earth;
> The trustworthy merchant will sit within the shadow of Allāh's throne on Judgement Day;
> The honest and truthful merchant will stand with the martyrs on the Day of Judgement; and
> There are twenty kinds of livelihood, nineteen for the merchant and one for the craftsman.

In similar manner, the noted $5^{th}/11^{th}$ century juridical scholar, Abū al-Faḍl al-Dimashqī, in *Reference to Virtues of Commerce (Al-Ishārah ilā Maḥāsin al-Tijārah),* unequivocally asserts:[6]

> Were you to single commerce out of the many ways of making a living, you would find it most preferable and joyous.

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3 Al-Shaybānī 1938, p. 14.
4 See al-Muttaqī al-Hindī 1894, vol. 1, pp. 193 ff.
5 Cf. al-Tirmidhī 1875, 12:4; Ibn Mājah 1895, 12:1 ("*tijārah*"); al-Dārimī 1919, 18:8; Aḥmad b. Ḥanbal 1895, vol. 3, p. 466; al-Ṭayālisī 1894, vol. 2, pp. 193 ff.
6 Al-Dimashqī 1977, p. 45.

The sources thus leave little doubt that the quest for trade-driven gain was to be amongst the foremost economic aspirations of devout Muslims. Precisely to these ends, in prescribing permissable techniques for the pursuit of profit through such commerce, al-Dimashqī continues:[7]

> For the conservation of wealth, five things are essential. *First,* you must give out no more than you take in – for when that happens, your property disappears, and none remains. . . .
> *Second,* total expenditures must not equal income, but be smaller so that a surplus remains. . . .
> *Third,* the conservation of wealth requires that you not undertake that for which you are not qualified; thereby you create the conditions needed to preserve profits and capital. . . .
> *Fourth,* you should not invest your money in goods for which there is small demand, because the consumers do not require them. . . .
> *Fifth,* and finally, for conservation of wealth, you must be quick in selling merchandise, but not in selling real estate – even though the gain may be lower in the former and much higher in the latter.

Such early attempts at free market exegesis would culminate in the monumental treatises of the 8th– 9th/14th–15th century economic historian Ibn Khaldūn whose cogent descriptions of the manifestations of medieval Islamic "profit motive" are defined in concepts that can only be described as *laissez faire* in modern precept: [8]

> It should be known that commerce means the attempt to make profit by increasing capital, through buying goods at a low price and selling them at a high price, whether such goods consist of slaves, grains, animals, weapons, or cloth material.
> This accrued amount is called profit (*ribḥ*). Attempts to make a profit may be optimally approached by storing goods and holding them until the market has fluctuated from low prices. This approach will bring a large profit. Or the merchant may transport his products to some other country wherein they are in far greater demand than in his own where he bought them. This approach likewise will bring a large profit. Thus, a veteran merchant said to a person who wanted to learn the truth about commerce:
> I will give it to you in two terms: "Buy cheap, sell high. That is commerce!"

The acknowledged father of western capitalism, Adam Smith, has not described the basic human financial motivation so succinctly nor so well. Yet these early Muslim scholars, some writing a half millennium

7 Al-Dimashqī 1977, pp. 80–82.
8 Ibn Khaldūn 1978, Chapter 5:9, pp. 394–395.

and more before Smith, did not enjoy Smith's benefit of ready recourse to free market theoretical antecedents.

They were, instead, working from direct empirical observation based upon the operational dynamics of their own contemporary economies, thereby forging the Islamic doctrine of private gain described in detail in Appendix D.

C. The Role of "Price Sensitivity" in Optimizing Profit

The high level of profit motivation evident in the early Muslim marketplace was accompanied by a market sensitivity directly responsive to market "supply and demand." Indeed, a substantive body of prophetic traditions held that prices should be "free market" – to wit, not fixed, but allowed to fluctuate in accordance with "Divine Will." To wit:[9]

> The dearness and cheapness of prices are in the hand of Allāh; and
> It is Allāh who fixes prices.

Free market injunctions notwithstanding, however, medieval Muslim exegetes were concurrently generally not reticent in suggesting "model pricing" mechanisms to facilitate profit optimization. To this end, in discourse on manipulating "supply and demand" – thereby optimizing prices to maximize profits – al-Dimashqī contends:[10]

> When a merchant has decided to buy a product at 200 *dīnārs* cash, for instance, he should not buy all at once. Instead, he should divide his purchase into four different transactions separated by intervals of fifteen days – so that the entire purchase is concluded within two months.
> The reason for this is that the price of the purchased good either rises, falls, or remains constant. Now if after the purchase of one installment, the price goes up, he knows that this development makes such gains possible and thus promises him profit; and he should be happy about this fact if he is indeed a moderate man and values profit made through foresight more highly than through dangerous speculation.
> If, however, a ware becomes cheaper, he can once again be happy in two respects – first, because he has remained protected against the fall in market price that would have otherwise adversely affected him had he made the whole purchase at once; and second, because he now has another opportunity to buy the same good more cheaply.

9 See al-Muttaqī al-Hindī 1894, vol. 1, pp. 193 ff.
10 Al-Dimashqī 1977, pp. 49, 71.

> Should, however, the price remains unchanged, then his eye has nonetheless been sharpened in order to be able to seize the appropriate moment for buying his future stocks and wares.

The 3rd/9th century Muslim litterateur al-Jāḥiẓ addresses similar current attitudes toward supply, demand, and price relationships in prefacing the work often attributed to him: “A Clear Look at Trade” (*Al-Tabaṣur fī al-Tijārah*) with the assertion: [11]

> Certain men of experience among the ancients were of the opinion that whenever an article is cheap because of its presence, it becomes dear because of its absence, when a need is felt for it.
> The Indians say: “Whatever is plentiful becomes cheap, except for good sense, which gains in value whenever it increases in quantity.”
> The Persians say: “If you don’t make a profit in trade, leave it for another. If someone does not make a living in a country, then let him leave it.”
> The Arabs say: “If you see a man whom fortune favors, cling to him, for he attracts wealth.”
> A wealthy man was once asked: “How did your wealth accumulate?” He responded: “I never bought on credit; I never refused a profit, however small; and never acquired a *dirham* without using it in another deal.”

Five centuries later, the famed 8th/14th century Ḥanbalī Islamic juridical scholar Ibn Taymīyah would also define profit as a price function fluctuating in response to supply and demand:[12]

> Rise and fall in price is often not due to injustice on the part of individuals. Sometimes, the simple reason for it is inadequate production or a decline in the import of goods in demand. Thus, if desire for the good increases while its availability decreases, its price rises. . . .
> But people’s desires are of quite different types and vary frequently. They may differ according to the abundance or scarcity of the goods demanded. A good is much more strongly desired when it is rare than when it is abundant. It also varies according to the number of demanders. If the number of people demanding a good is high, its price goes up more than when the number is small.

Ibn Khaldūn similarly seeks to precisely define the role of “price” in generating profits, explaining that:[13]

> Commerce means the buying of merchandise and goods, storing them, and waiting until market fluctuations bring about increases in the prices of the

11 Al-Jāḥiẓ 1935, p. 8.
12 Ibn Taymīyah 1961–1966, vol. 8, p. 583, vol. 29, pp. 523–525.
13 Ibn Khaldūn 1978, chapters 5:14, p. 398 and 5:15, p. 399.

> goods. Such a price shift is called "profit." It provides a gain and a livelihood for professional traders.
> When the prices of any goods – food, clothes, or anything else that may bring in capital – remain very low, and the merchant cannot profit from any fluctuation of the market for a protracted period, his profit ceases. Business in this particular sector then slumps, no trading is done, and its merchants lose their capital; (and)
> "Commerce" means increasing one's capital by buying merchandise and attempting to sell it at a price higher than its purchase price, either by anticipating the market fluctuations, or by transporting merchandise to a country where it is in greater demand and brings higher prices, or by selling it for a high price to be paid at a later date.
> The profit, in this instance, is somewhat small in relation to invested capital. However, when the invested capital is large, the profit becomes great, because many times a little is much.

He appears compelled to reconcile these somewhat avaricious commercial practices with the basic "economic equity" tenets of Islam, however, by summarily, and somewhat apologetically, rationalizing that:[14]

> Commerce is a "natural" way of making profit. However, most of its practices are tricky and designed to obtain a profit margin between the purchase price and the sales price. This surplus makes it possible to earn profit. Hence, the law permits cunning in commerce, though commerce contains an element of gambling. It does not, however, mean taking away the property of others without giving anything in return. Therefore, it is legal.

Prescribing sanctioned commercial market practices predicated on these carefully rationalized and clever concepts, then, medieval Islamic jurists and scholars leave little doubt that they and their contemporaries fully understood the reciprocity of supply and demand and its relationship to profits in establishing profit levels.

3.2. The "Business Tools" of Corporate Capitalism

A. Issues of Interest and Credit

Preceding chapters have demonstrated that the 1st/7th century Ḥijāzīs were highly adroit merchants. Their basic rules and tools of trade were longstanding and did not require fundamental alteration at the time of

14 Ibn Khaldūn 1978, chapter 5:2, p. 383.

the prophet Muḥammad’s arrival upon the contemporary economic scene. Indeed, Muḥammad himself had been a merchant, and the precise language of the Qur’ān features the craftsmanship of one intimately familiar with mercantile techniques.[15]

Key questions of interest and credit, however, were particularly vexing issues. Muḥammad was most deeply concerned with the matter of ensuring equity within the consumer marketplace, and the tenets of his new Islamic creed clearly reflected those concerns – making it necessary for Muslim jurists early on to seek creative solutions to the religion’s ban on usury (*ribā’*).

For “interest on money,” from the onset of Islam until this day, has been equated by Muslim jurists with “usury,” an economic crime. The Qur’ān is most emphatic in imposing its ban on usury:

> Those who devour usury shall not stand except as one stands whom the “Evil One,” by his touch, has driven to madness. That is because, they say: ”trade is like usury.” But Allāh has permitted trade and forbidden usury (*Sūrat al-Baqarah, Āyah 275*).
> Allāh will deprive usury of all blessing; but will give an increase for deeds of charity (*Sūrat al-Baqarah, Āyah 276*).
> Oh all you who believe! Fear Allāh and give up what remains of your demands for usury, if you are indeed true believers (*Sūrat al-Baqarah, Āyah 275*).
> Oh all you who believe, devour not usury, doubling and redoubling. But fear Allāh that you may prosper (*Sūrat Āli ᶜImrān, Āyah 130*).
> Oh you who believe! Eat not up your property amongst yourselves in vanities; but let there be amongst you traffic and trade in good will (*Sūrat al-Nisā’, Āyah 29*).

Thus, as these verses assert, Qur’ānic injunctions prohibit in absolute terms the earning of *ribā’* – a term commonly interpreted to be synonymous with “capital fructification.” Frequently, these prohibitions appear in tandem with admonitions against hoarding and other deliberate, unsanctioned efforts to unjustifiably raise the prices of goods.

The sources make clear, in fact, that from the very onset, these precepts were diligently enforced. Ibn Hishām relates that the prophet Muḥammad called for a ban on all interest-bearing transactions in his victory proclamation upon the Muslims’ conquest of Makkah.[16]

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15 On this, see C. C. Torrey,1892, passim.
16 Ibn Hishām 1858, p. 821; M. Watt 1956, p. 297.

Ibn Sa^cd, in turn, cites a directive from Muḥammad to Ibn Juhaynah calling upon Makkans to renounce all claims of interest on sums owed to them and demand only their invested capital principals.[17] Al-Shawkānī indicates that the Prophet even upbraided his uncle ᶜAbbās for engaging in usury. [18]

Quite naturally, a basic financial doctrine of this radical new nature could wreak devastating havoc upon a community founded on trade – forcing its participants to choose between making a commercial profit or obeying the economic teachings of a religious prophet.

Indeed, a prime reason that the prophet Muḥammad was compelled to relocate his base of operations from Makkah to al-Madīnah in the year 622 A.D., according to the early sources, was that prime tenets of his nascent religion – and particularly its ban on interest-bearing transactions – posed a direct threat to the entrepreneurial operations of the Umayyads, Makkah's entrenched mercantile elite. Thus, facing reprisal, Muḥammad wisely elected to seek more fertile ground for the preaching of his prophecies.[19]

With the victory of Islam over the tribes of the Arabian Peninsula over the next decade, however, the economically divisive issue of usury would once again come to the fore. Indeed, so imposing was the threat that it posed to ongoing commerce – the very lifeblood of the Makkan Commonwealth – that serious scholarly focus was intensely devoted to seeking rational bases for effectively, yet legally, engaging in profitable trade transactions.

Such efforts included attempts by prominent Muslim jurists to establish a fine distinction between "commercial gain" and interest-bearing "capital gain." To this end, they contended that not all productive financial gains were absolutely prohibited by Islam – that the creed did, in fact, allow for "increases from trade," even as it forbade them from making a capital loan to a debtor.

Such dichotomies, however rationalized, moreover, soon led to two significant *ancillary* economic developments within the embryonic Islamic community that would also, over time, develop monumental ideological and pragmatic marketplace significance. They were:[20]

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17 Ibn Saᶜd 1904–1927, vol. 1, pt. 2, p. 25; M. Watt 1956, p. 297.

18 Al-Shawkānī 1979, vol. 1, p. 299.

19 On this, see M. Watt, 1974a, pp. 58 ff.; P. Hitti 1970, p. 113.

20 *Torah,* "Book of Deuteronomy," 23:10; see also M. Rodinson 1978, pp. 37–38; L. Massignon 1931, pp. 3–12.

- the evolution of a great deal of 'creative exegesis' on the parts of Islamic jurists attempting to legally conceptualize the formation of sanctioned businesses capable of pooling collective capital to more profitably finance large scale and distant economic endeavors; and
- the eventual devolution of most actual bank lending functions into the hands of the Jews, who took literally the license granted to them in their Torah's "Book of Deuteronomy:"

> Unto a stranger, thou mayest lend at interest, but onto thy brother, thou shall not lend upon usury.

These watershed developments are foci of the analyses that follow.

B. Corporate Mechanisms for Capital Commitment

As preceding analysis makes clear, early Muslim traders were profoundly driven by profit-taking (*taḥsīl al-ribḥ)* in their pursuits of productive trade. The 5th/11th century Muslim scholar al-Ghazālī succinctly captures this financial motivation, stating:[21]

> Trade is the pursuit of profit through buying and selling, and not through crafts and industries.

His contemporary, al-Sarakhsī, similarly asserts:[22]

> Profit cannot be attained except by trade, both local and long distance.

But medieval Islamic commerce, whether it crossed international borders or moved within the internal expanses of the *Dār al-Islām,* called for substantial capital investments to cover the costs of initially purchasing goods, sometimes at distant points – and then storing them in inventory and/or shipping them for subsequent resale, hopefully at a profit.

Thus, meeting market demands of the massive global trading empire described in Chapter 2.2 required a complex, highly advanced system of corporate credit facilities readily at the disposal of the merchants engaged in that trade. Indeed, the jurist, al-Sarakhsī, identifies mercantile lending as a quintessential contemporary market imperative characterized by a certain professional collegiality:[23]

21 Al-Ghazālī 1889, vol. 2, p. 221.
22 Al-Sarakhsī 1986, vol. 2, p. 75.
23 Al-Sarakhsī 1986, vol. 11, pp. 180–181.

> Getting loans for use in trade is one of the reciprocal dimensions to commerce from which the merchant cannot escape. . . . He who does not grant loans for use to others will not get them when he needs them.

But in certain instances, even when benefitting from such a collegial loan, no single entrepreneur could underwrite a particularly large scale trade transaction from his immediate, personal capital assets. In such cases, then, new corporate structures were required to allow merchants to combine financial resources in joint speculative undertakings; or alternately, to allow their own capital to fructify in the hands of others, thereby pooling immediate risks in anticipation of future profits.

Because of the mounting demand for massive amounts of capital to finance the ever-expanding trade initiatives of the business people of the *Dār al-Islām,* therefore, it soon became imperative that wealthy non-merchants, possessing surplus capital, likewise be afforded a legal venue to participate in capitalizing promising mercantile ventures.

Accordingly, as early as the close of the 2nd/8th century, this demand for more effective corporate fiducial instruments to promote the aggregation of investment capital for use in underwriting major trading ventures led to the creative authorship by Muslim jurists of various complex exegetical works now generically known as *"kutub al-ḥiyal wa-al-makhārij"* (*Books of Ruses and Circumventions*).

Promulgated throughout the Islamic empire by the then prevailing Ḥanafī school of law, these theses were special exercises in juridical sophistry whereby the promulgators sought to craft legal circumventions of certain practices that, on their surfaces, seemingly violated their religion's ban on all interest-bearing transactions. Islamic law scholar Joseph Schacht defines these devices thusly: [24]

> They can be described in short as the use of legal means to accomplish "extra-legal" ends – goals that could not be achieved directly with means provided by the *sharīʿah,* whether or not such ends in themselves might be illegal. Such "legal devices" enabled persons who would have otherwise had to break the law, or under the pressure of circumstances, would have then had to act against its provisions, to arrive at the desired result while actually conforming to the prescribed letter of the law.

Thus, *ḥiyal* (ruses) were, as the name implies, legalistic accommodations – lawful techniques designed specifically to advance the rationale that certain capital lending approaches – or analogous barter

24 J. Schacht 1955, p. 78.

arrangements that resulted in augmentation of an individual's holdings in a particular commodity – in reality, weren't interest-bearing trade transactions.

Though there were, at times, sundry permutations in their individual methodologies, collectively, such "jurisprudential accommodations" were generically classified as *mu^{c}āmal*āt, simply meaning "transactions" – i.e. practices derived, in substance, from a tradition attributed to the prophet Muḥammad by Ibn Isḥāq that held:[25]

> Sell gold for gold, from hand to hand, at an equal rate according to weight, for any inequality in point of weight is usury.

Such a proviso, quite naturally, was subjected to a great deal of creative exegesis by the early Muslim jurists. Some argued that the sale of gold for silver at an unequal rate was sanctioned. Others contended that any quantities of *dirhams* could be exchanged for a *dīnār*, though learned opinion was not unanimous on this point. In arguing that a bushel of apples could be lent in exchange for two bushels of oranges, but not for two bushels of apples, one Muslim jurist contemporary to the formative era of Islamic economic doctrine, contended:[26]

> There is a way to avoid usury. For instance, Zayd sells to ^{c}Amr a bushel of wheat in exchange for another product; while ^{c}Amr then sells to Zayd two bushels of wheat in exchange for something else.
> When goods handed over for the wheat are of little value, and are given in payment for the wheat, there is then no usury since the goods being exchanged are identical neither in kind nor in weight.
> It is the same as when two values of the same kind but differing in weight are being bartered as reciprocal gifts for borrowing, or when the party who hands over a larger amount than he originally received surrenders the excess amount as a 'free present' – always provided that these different trans-

25 Ibn Isḥāq 1955, no. 759, p. 512; M. Grice-Hutchinson 1978, pp. 24 ff. The latter (p. 26) asserts:

> The more complicated *ḥiyal* normally consisted of several transactions between the parties, each of which was perfectly legal in itself, and whose combined effect produced the desired results. Each transaction was recorded in separate document.
>
> The binding documents were then deposited in the hands of a trustworthy intermediary, together with an unofficial covering document which set out the real relationship between the parties, and the true purpose of the agreement. Such a covering document was called a *muwatta'* ("understanding").

26 M. al-Ḥillī 1839, p. 170; see also Mālik b. Anas 1985, pp. 452 ff. for additional examples.

actions are not made the subject of a special agreement aimed at circumventing the law.

There were also other creative permutations of the "double exchange contract" (*bay^c^atayn fī al-bay^c^ah*), several of which, such as the *mukhāṭarah,* together with the *muḍārabah* contract, are described at Appendix E. Among them, for instance, while a financier clearly could not lend ten cows and get twelve cows in return, his loan could, in fact, be requited in the "value equivalent" of twelve cows in horses, chickens, camels, or other key commodities.

Indeed, over time, this "double exchange" mechanism frequently would become no more than a *numeraire* – an artificial indicator of money spelled out in written contracts, notwithstanding that no exchange of commodities actually took place. To wit, though a merchant might contractually agree to lend ten cows, to later be repaid with eight horses, for instance, he would actually lend the cash equivalent of ten cows, to be repaid, at some later point, once again in a specified cash equivalent, of eight horses, equal in value to twelve cows.

Thus, though a *de facto* cash trade deal had been transacted, because the actual contract was denominated in two separate commodities, the formal ban on usury was legally circumvented. It is primarily the misreading of the intent of such contracts – confounding a fictitious exchange of commodities to disguise what was in reality a capital transaction – in fact, that has led certain scholars to contend that much of the medieval Near East (and also contemporary European) economy was dominated by a commercial system characterized by barter.

Among the more prominent juridical works that described such circuitous trade techniques were the aforesaid al-Shaybānī's (d. 188/843) *Kitāb al-Makhārij fī al-Ḥiyal;* [27] and al-Khaṣṣāf's (3rd/9th century) *Kitāb al-Ḥiyal wa al-Makhārij.* [28] The chapter on "partnerships" of al-Shaybānī's legal compendium *Kitāb al-Aṣl,*[29] portions of al-Kāsānī's (d. 587/1191) *Badā'i^c^ al-Ṣanā'i^c^ fī Tartīb al-Sharā'i^c^,*[30] and Mālik b. Anas' (d. 175/795) *Al-Muwaṭṭa'* [31] deal with similar interest challenges as they were contemporaily extended to commercial credit issues.

27 Al-Shaybānī 1930, passim.
28 Al-Khaṣṣāf 1923, passim.
29 Al-Shaybānī n.d., passim.
30 Al-Kāsānī 1910, passim.
31 Mālik b. Anas 1985, passim.

Looming over all of these various works in significance, however, is Shams al-Dīn al-Sarakhsī's (d. 483/1090) *Kitāb al-Mabsūṭ*, a definitive Ḥanafī work in Islamic corporate jurisprudence.[32] For as subsequent analysis demonstrates, there is little in the medieval Muslim need for corporate structure or interest circumvention that is not anticipated or remedied in his extensive and detailed exegesis. Prescribing sanctioned credit as a prime focus of his attention, al-Sarakhsī makes the case for user-friendly credit in trade transactions thusly:[33]

> We hold that selling for credit is part of the practice of merchants, and that it is the most expeditious means to the merchant's goal of profit. Generally, profit can only be achieved by selling for credit and not cash.
> Evidence that selling for credit is a *sine qua non* of trade is found in His (Allāh's) statement that: "unless it be local commerce that you are conducting among yourselves." This statement shows that commerce can likewise be long distance, and this technique of trade cannot be transacted except by selling on credit.

Al-Sarakhsī also repeatedly stresses the assertion that there is greater profit in such credit transactions than in those consummated with cash. To wit:[34]

> An object is sold on credit for a larger sum than it would be sold for cash.

Al-Shaybānī, in turn, presents one of the earliest actual business formulae for selling on credit terms, in defining the various advantages to the principals of creating bilateral commercial credit partnerships:[35]

> They become partners in all dimensions, acquisitions, and skills of a total investment partnership. They can buy or sell for cash or credit according to their discretion. Their capital is of a defined value, all that is in their possession belonging equally to both of them. Whatever the blessing Allāh grants them is to be shared equally between them; and whatever loss they undergo must be shared equally.

The medieval Islamic sources thus leave little doubt that through the careful structuring of commercial partnerships, Arab entrepreneurs could, indeed, engage in creative "forward credit" dealings through the use of legal devices specifically juridically designed to underwrite trade

32 Al-Sarakhsī 1986, passim.

33 Al-Sarakhsī 1986, vol. 11, pp. 180–181, quoting the Qur'ān (2:282) as the basis for his contention.

34 Al-Sarakhsī 1986, vol. 22, p. 48.

35 Al-Shaybānī n.d., fols. 61, 66; see al-Sarakhsī 1986, vol. 11, p. 177.

transactions in a manner consistent with the tenets of their religious creed.

It was the great vitality of such sanctioned "capital corporations," in fact, that would power the momentous commercial expansion that the Muslim merchants now fostered. It is to an in-depth analysis of the operations of these business entities, then, that this inquiry now turns.

C. Commercial Partnerships and Corporations

The Muslims of the 1st/7th century were not the first to wrestle with the need for establishing more effective corporate structures to provide capital and credit for underwriting commercial ventures. The various trading partnerships that prevailed in ancient Mesopotamia, the *tappatu*, the Graeco-Roman maritime loan *societas maris*, the Byzantine *chreokoinonía,* and the Jewish *ᶜiṣqā* all likewise represented early efforts to come to grips with the critical question of financing future mercantile transactions, an economic imperative that emerged in antiquity and continued through the Middle Ages.[36]

Ancient Greek merchants, for instance, conducted international trade transactions almost exclusively through long distance maritime transport – thereby requiring voluminous capital sums to underwrite the costs of ships, cargoes, and operating expenses for lengthy commercial journeys. For while at sea, they ran the significant risks of storms, rocky coasts, and piracy. To confront such ever-present challenges, then, risks were spread in a variety of ways. Ownership of a vessel or a voyage, for example, might be split up into shares, with each the property of a separate person.

In trade ventures, at least two parties were usually involved – with one engaged in doing the marketing, and another, or several others, providing the finance. While the merchant risked his physical well-being, then, the investors likewise risked their capital. If the adventure failed because the ship was sunk or seized, the financial investment was lost.

If it did succeed, on the other hand, they received their "sea loan" back, either at a high rate of interest or with a predetermined share of profit. Thus, the abiding virtues of such early attempts at commercial capitalism were that they not only offered capital when the available

36 A. Udovitch 1962, pp. 119 ff.; R. S. Lopez 1966, p. 141; idem. 1986, pp. 160 ff.; G. Artuse, 1913, passim.

mercantile money supplies were inadequate, they also "pooled the risk" of capital committed to hazardous ventures.[37]

Medieval Arabic sources, as noted in Appendix E, provide significant evidence that at the rise of Islam, Makkan merchants had also created similarly useful credit mechanisms to facilitate conduct of their longer distance trade. Al-Ṭabarī and Ibn Saᶜd, for example, frequently refer to various capital distributions allocated amongst the merchants and investors of the Makkan commercial emporium (*māl muttafarriq fī tujjār ahl Makkah*).[38]

The financial technical terms *qirāḍ* ("business loan") and *istiqrāḍ* ("raising of a business loan") likewise often appear in conjunction with commercial transactions, frequently with an indication that the resulting profits were to be shared equally (*qirāḍ ᶜalā al-niṣf*) by the merchant and the investor(s).[39]

It appears that the caliph ᶜUmar b. al-Khaṭṭāb may even have attempted a creative "public sector solution" to contemporary mercantile needs for credit by sanctioning a *state-sponsored* system of interest-free loans. Several sources relate, for instance, that when his sons invested tax revenues entrusted to them for delivery to the state treasury in a private commercial transaction involving the vending of merchandise purchased in Iraq, the caliph ruled that their transactions actually were "capital loans" (*qurūḍ*); and permitted them to keep half of the profits generated, with the remaining half to be remitted to the state.[40]

It appears, nonetheless, that such early efforts at "outsourcing" the business credit function as may have occurred in the rule of the caliph ᶜUmar I died with him – as after his demise, the sources make no further reference to the attempted use of such circuitous public sector credit mechanisms.

Useful *private sector* credit facilities, on the other hand, continued to evolve. Among the forms of corporate organization sanctioned by Islam and employed by Muslim merchants from the very rise of the *Dār al-Islām* were basic "business on commission" relationships and simple

37 On this, see H. Heaton 1948, p. 32.

38 Al-Ṭabarī 1879–1901, vol. 1, pp. 1339, 1586–1587; Ibn Saᶜd 1904–1927, vol. 1, pt. 2, pp. 770–771; see also al-Wāqidī 1855–1856, p. 181.

39 See al-Wāqidī 1855–1856, p. 21; Ibn Hishām 1859–1860, pp. 469–470; C. C. Torrey 1892, p. 7.

40 Al-Sarakhsī 1986, vol. 22, p. 18; Mālik b. Anas 1951, vol. 2, p. 88; M. Ḥamīdullāh 1961, p. 35.

partnerships, as well as more complex joint stock (*qirāḍ/muḍārabah*) companies.

Because the various schools of Islamic jurisprudence, at times, disagreed on which of these sundry types of business organizations were actually properly sanctioned, and what specific forms they were to take, attempts to reconcile or synthesize the diverse concepts of a given school into particular prototypes for precise analytic purposes become a challenging undertaking.[41]

The most comprehensive *corpus* of commercial jurisprudence available to the present inquiry is that of the "Ḥanafī school" selected for analytic purposes here. Under Ḥanafī law, partnerships were generally divided into two separate categories: "proprietary partnerships" (*sharikāt al-milk*) and "contractual partnerships" (*sharikāt al-ᶜaqd*). The former, proprietary partnerships, were formed specifically for the objective of property ownership. In their formulation, the 5th/11th century Ḥanafī jurist Aḥmad b. Muḥammad al-Qudūrī, asserts that: [42]

> There are two types of partnership: both proprietary and contractual. A proprietary partnership results when two parties inherit or purchase property together. Neither may dispose of the other's share without permission.

Al-Sarakhsī explains further that:[43]

> Proprietary partnership occurs when two parties are in joint possession of a property. . . . Accrued profit is shared proportional to extent of ownership.

In this manner, then Islamic jurisprudence provided specific legal mechanisms for speculative real estate and other tangible property investments.

It is the second category of sanctioned business relationships – contracted partnerships – however, that is of the greatest relevance to the present inquiry into the evolution of medieval commercial capitalism within the *Dār al-Islām*. Here, at least four distinct types of partnership were authorized:

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41 For excellent descriptions of some of these corporate forms, see A. Udovitch 1970b, passim; ᶜA.ᶜA. al-Dūrī 1974, pp. 127 ff.

42 Al-Qudūrī 1901, p. 53.

43 Al-Sarakhsī 1986, vol. 11, p. 151.

- "capital partnerships"(*sharikāt al-amwāl*), whereby each partner agreed to contribute some capital in the form of money as well as some skill or labor;
- "labor partnerships" (*sharikāt al-ᶜamal*), wherein all the common stock was contributed as joint skill and labor;
- "credit partnerships" (*sharikāt al-wujūh*), whereby partners who possessed no capital agreed to buy and sell on credit and share future profits; and
- "commenda"(*muḍārabah*) corporations, the most prevalent form, in which certain partners supplied financial capital, while others provided human skills and labor.

Each form of corporate commercial association, according to al-Sarakhsī, had to be evidenced by a written contract:[44]

> Partnership is a contract that extends over a fixed time period, and a clarification document is necessary in such cases in order to resolve disputes.... This document is both a guarantee and a precaution. Thus, it must be done in legally binding format to preclude recrimination.

He then proceeds to provide precise models for such written contracts, specifying equitable profit distributions formulae, operating expense and accounting procedures, and explicit procedures for how the partnerships are to ultimately be dissolved. Within various classifications of partnership, it appears that certain modifications and permutations were allowed. The "universal," or the "general liability" partnership (*sharikat al-mufāwaḍah*), for instance, provided for absolute equality in equity, contribution, profit, and loss. As described by al-Qudūrī, such a partnership occurred when:[45]

> two independent individuals having equal wealth and common religion enter into a partnership. It is contracted with the full "power of agency" for both parties, and with each serving as the basic 'guarantor' for the other. Except for basic family necessities, all purchases are on behalf of the partnership. Both parties are thus equally liable for any obligation incurred on behalf of the partnership.

Al-Sarakhsī explains that the basis of authority for such a general liability partnership "derives from the 'delegation of authority' (*tafwīḍ* = "power of attorney") by each partner to the other to act independently

44 Al-Sarakhsī 1986, vol. 11., p. 155.
45 Al-Qudūrī 1901, p. 53; see also ᶜA.ᶜA. al-Dūrī 1974, pp. 127–128.

with the entire capital of the partnership," but that "in matters relating to the profession of merchandising, they are as one person."[46] Al-Kāsānī similarly contends that "though they (the parties) are two separate individuals, they are as one in commercial matters."[47]

Islamic jurisprudence likewise sanctioned certain "limited liability" partnerships (*sharikāt al-ᶜinān*). Al-Kāsānī states that such a partnership could take two basic forms – a "general form" for across-the-board trading; and a "specific form,"whereby partners joined to market a particular category of commodities or provide a specific class of services.[48]

Under such a limited liability partnership, not all partners needed to contribute equally or share equally in the profit and loss. Rather, both the risk and the reward were allocated proportionate to contribution. According to al-Sarakhsī, in this form of partnership, the delegation of agency empowering a partner to act on behalf of the partnership could be specifically circumscribed: [49]

> The agency can be limited by some specification. If it specifies a certain type of goods, then each partner is unencumbered in regard to any goods purchased by his partner other than those specified; and such goods belong exclusively to the purchaser. Whereas for the designated goods, their purchase for sale, whether on cash or credit terms, is binding upon the other.

Al-Shaybānī, citing Abū Ḥanīfah, prescribes the additional conditions that:[50]

> If two partners in a limited liability partnership agree that profit and loss should be proportionate to investment, this is fully sanctioned. If one receives a share in profits proportionately larger than that of his colleague, this also is permissable. But if one assumes a share of loss larger than his partner, this is not permissable.

Al-Kāsānī stresses that the share structure of the *ᶜinān* contract was malleable, explaining that it is determined strictly by the dictates of the specific commercial opportunity for which it is created.[51] Al-Sarakhsī,

46 Al-Sarakhsī 1986, vol. 11, pp. 74, 152.
47 Al-Kāsānī 1910, vol. 6, p. 73; see also al-Sarakhsī 1986, vol. 11, p. 74.
48 Al-Kāsānī 1910, vol. 6, p. 62.
49 Al-Sarakhsī 1986, vol. 11, pp. 173–174; see also al-Qudūrī 1901, p. 53.
50 Al-Shaybānī n.d., fol. 61.
51 Al-Kāsānī 1910, vol. 6, pp. 69–70.

in turn, offers explicit formulae for apportioning proportional profit, equity, and risk once initial capital investment is structured:[52]

> In calculating profit, one determines the value of each party's capital contribution at the time of contracting the partnership. For distribution of ownership of commodities purchased with the capital of the partnership, one should determine the value of each investment upon purchase.
> For the determination of profit on individual shares, one calculates the basic value of the investment at the time of distribution, because one cannot determine profit before investment is deducted.

Another highly utilitarian contemporary form of private corporate structure was the "labor partnership." It is cited in the sources with a significant variety of names: partnership of "labor" (*sharikat al-ᶜamal*); partnership of "bodies" (*sharikat al-abdān*); and partnership of "craftsmen" (*sharikat al-ṣanā'iᶜ*); as well as partnership of "acceptance" (*sharikat al-taqabbul*), etc.

The prime purpose of the labor partnership was to merge not capital but rather specific individual skills to undertake works of construction or craftsmanship that cannot effectively or efficiently be performed by a single person. In other words, highly specialized manual skills were invoked when engaging in this particular form of corporate association in a business contract. Al-Sarakhsī indicates that[53]

> A "partnership of acceptance" occurs when two craftsmen form a partnership in the acceptance of a specific work, such as tailoring. It is similarly called a "partnership of bodies" because the parties work with their bodies; and a "partnership of crafts," because their craft is their capital.

Expanding this equation of craft and capital, al-Shaybānī explains that:[54]

> If two parties form such a partnership working with their hands, their labor is to be considered in the same category as *dirhams*. Anything that is permissable in a partnership established with *dirhams*, therefore, is also permissable in a partnership based upon manual labor.

Al-Sarakhsī correspondingly declares investments of labor in the quest for profit to be as legitimate as those based on capital, contending that:[55]

52 Al-Sarakhsī 1986, vol. 11, p. 165.
53 Al-Sarakhsī 1986, vol. 11, p. 152.
54 Al-Shaybānī n.d., fol. 76; see also al-Kāsānī 1910, vol. 6, p. 64.
55 Al-Sarakhsī 1986, vol. 1, p. 155.

> The right to a profit from a partnership issues in some cases from the money and in other cases from the work itself. This latter case is exemplified by the contract in which the investor is entitled to his portion of the profit by virtue of his money, and the agent to his portion by virtue of his work . . . .
> If, therefore, a partnership between two individuals with money is valid, then such a contract is equally valid based upon the investment of work. For the right to a profit is equally secured with either of the two investment forms.

Another useful form of commercial organization sanctioned by Islam, as stated, was the "credit partnership" (*sharikat al-wujūh*). The significant virtue in this form of corporate association lay in its ready ability to facilitate trade by capitalizing the acquisition of merchandise at *wholesale* that would subsequently be resold at *retail.* All partners participated equally, and the partnership could be formed without any initial capital investment on their part. Of its utility, al-Sarakhsī states:[56]

> As for the credit partnership, it is also called "partnership of the bankrupt," for it occurs when two individuals form a partnership without any capital in order to be able to buy on credit, and then resell.
> It is also called a "partnership of appearances" (*sharikat al-wujūh*), because the parties' initial capital consists only of their good reputations; for credit is only extended to those with good reputations.

Al-Kāsānī similarly confirms that the primary purpose of the "credit partnership" was not to *invest* capital, but instead to *create* it – calling it "a process of initially producing capital with the objective of either accumulating or augmenting it:"[57]

> We hold that a cash partnership is permissable in order to facilitate the accumulation of capital. As for the work and credit partnerships, their prime purpose is not to augment capital but rather to create the capital itself. For the need for initial creation of capital precedes the need to augment it.

Accordingly, if the ultimate goal of commercial capitalism is, indeed, "capital augmentation," then the motivations that underlay the medieval Islamic credit partnerships can, almost by definition, retrospectively be described as "capitalistic."

Finally, Islam also sanctioned the *muḍārabah* contract. This flexible financial instrument defined not a partnership per se but rather a formal

56 Al-Sarakhsī 1986, vol. 11, p. 152; see also ^{c}A^{c}A. al-Dūrī 1974, p. 128.
57 Al-Kāsānī 1910, vol. 6, pp. 57–58 ("*ṭarīq istinmā' al-māl aw taḥṣīlihi*").

business corporation in a quasi-modern sense. Under it, one set of parties provided the capital and another set provided the labor. Profits were then divided amongst the parties in accordance with the specific terms of the written contract establishing the corporate relationship.

It was, therefore, a *de facto* "profit-sharing" corporation, with dividends issued proportionate to the capital and labor inputs of the individual participants. It was this *muārabah,* as subsequent analysis will show, that most closely approximated the *commenda* contract that was subsequently highly effectively employed by Western merchants in the late medieval 5th/11th–7th/13th century commercial renaissance of Western Europe.

There were two forms of the *muḍārabah* contract – the "*muḍārabah* proper," which involved "trust financing" and the *mushārikah,* which employed "participant financing." Under the "*muḍārabah* proper," the owner of capital (*rabb al-māl*) provided all of the funding; whereas the "working trustee" (*al-muḍarrib*) supplied both the venture's management and its labor.

The capital investor then received a predetermined share of profits, if any, and all of any loss that was incurred; except that any losses resulting from breach of contract or negligence on the part of the *muḍarrib* were borne exclusively by him.[58]

The *mushārikah,* in turn, was a form of joint venture established for a specified period of time under which both parties provided capital, and either one or both would manage the business. Profits were shared in contracted predetermined ratios, but the losses, if any, were borne in proportion to total capital investment.

Thus, a basic difference between the "*muḍārabah* proper"and its *mushārikah* permutation was that whereas in the former, capital and monetary loss belonged only to one party, the capital investor, in the latter, both the capital and risk of monetary loss were shared by all of the participants. In testament to their utility, the sources present documentary evidence that both corporate structures were widely employed throughout the halcyon days of medieval Islamic commercial supremacy throughout the then known world.[59]

58 Pakistani and Gulf Economist (Karachi: December 22, 1984), p. 12.

59 See source cited in the preceding footnote.

Al-Sarakhsī contends that the *muḍārabah* contract rose in direct response to contemporary market demand:[60]

> The *muḍārabah* is authorized because there is a popular need for this contract. For the possessor of capital may not find it possible to engage in profitable trading activity, and those who can engage in it may not possess capital. Yet profit cannot be obtained except by both capital and trading. With this contract, both objectives are attained.

Though al-Dimashqī[61] and al-Ghazālī[62] cite *muḍārabah* contracts as a principal means of transacting commerce in their $4^{\text{th}}/5^{\text{th}}$–$10^{\text{th}}/11^{\text{th}}$ century eras, it appears that an early version of them was already in considerable use before the onset of Islam. Indeed, a widely cited prophetic tradition held:[63]

> The “Messenger of God,” blessings and peace be upon him, was sent at a time when the people were commonly using *muḍārabah* contracts in their business dealings, and he confirmed them in this practice.

As Appendix E demonstrates, in fact, numerous individuals close to the prophet Muḥammad, including his wife Khadījah, are said to have employed such corporate structures to capitalize their business ventures.[64] The caliphs ^{c}Umar and ^{c}Uthmān, as well as the Prophet’s uncle, ^{c}Abbās b. ^{c}Abd al-Muṭṭalib, from whom the ^{c}Abbāsid dynasty derived its name, likewise reportedly were parties to such contracts.[65]

Ḥanafī scholars undertook considerable special efforts to define the multifaceted legal parameters of the “*muḍārabah*” contract as a cash investment mechanism. Al-Shaybānī, who cites Abū Ḥanīfah as his authority, emphasizes its capital-intensive structure in asserting that it could only operate on a cash basis:[66]

> One cannot have a *muḍārabah* without using *dīnārs* and *dirhams*. It cannot be formed with anything except these, nor with any other items that are

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60 Al-Sarakhsī 1986, vol. 22, p. 19; see also al-Kāsānī 1910, vol. 6, p. 79; ^{c}A.^{c}A. al-Dūrī 1974, pp. 130–131.

61 Al-Dimashqī 1977, pp. 33–39, 75.

62 Al-Ghazālī 1957, vol. 2, p. 66.

63 Al-Sarakhsī 1986, vol. 22, pp. 18–19.

64 Al-Nawāwī 1955, vol. 2, p. 309; al-Shaybānī n.d., fol. 42; al-Sarakhsī 1986, vol. 22, p. 18.

65 Al-Shaybānī n.d., fol. 42 (A and B); al-Sarakhsī 1986, vol. 22, p. 18; Ibn Sa^{c}d 1904–1927, vol. 2, pt. 1, p. 41; al-Zurqānī n.d., vol. 3, p. 345.

66 Al-Shaybānī n.d., fol. 43A.

> measured or weighed, nor with any types of merchandise. It can only be formed with *dīnārs* and *dirhams*.

Another unique feature of the *muḍārabah* contract, in the view of the Ḥanafīs, was that the merchant was explicitly designated as the fiducial agent of the investing capitalist. For one of its prime features, al-Shaybānī explains, was that the financier became fully estranged from his investment:[67]

> A *muḍārabah* is valid only if the investor hands over his money to the agent – and if the agent is free to trade with the sum without the investor stipulating that he coordinate with him.

He further adds, in defining fiducial responsibilities of the agent, that:[68]

> Anything that he acquires with such *muḍārabah* capital belongs to the investor; except that if an increase in value occurs, the agent is entitled to a share in the ownership of the increase commensurate with his profit.

Pursuant to this fiducial license, then, the merchant, acting as fiducial agent, was granted *carte blanche* to engage in a broad and flexible range of conventional commercial activities, including:

- buying and selling all types of merchandise;
- buying and selling on cash or credit;
- commingling corporate capital with his own;
- engaging in other partnerships or contracts with third parties; and
- hiring such staff as would be needed to carry out the *muḍārabah's* business.

Al-Sarakhsī makes clear that only the relending of an investor's capital to other business ventures was forbidden to the agent:[69]

> If an investor stipulates to his agent: “proceed with this investment as you deem appropriate,” then he may clearly practice all of these things except its relending. For the investor has assigned comprehensive discretionary rights to his invested capital to his agent with his intention being the inclusion of all that is customary to the common practice of merchants.
> The agent thus has the right to engage in a *muḍārabah* of another partnership and to integrate its capital with his capital, for that is the practice of merchants.

67 Al-Shaybānī n.d., fol. 96.
68 Al-Shaybānī n.d., fol. 175B.
69 Al-Sarakhsī 1986, vol. 22, pp. 39–40; see also al-Shaybānī n.d., fols. 57A, 64, 109B, A; al-Kāsānī 1910, vol. 6, p. 78.

Al-Dimashqī, in turn, explains that such an agent was to be held blameless for any financial losses resulting from the intervention of *force majeure* or other natural market determinants: [70]

> The agent is not obligated to indemnify the investor for accidental financial loss so long as he does not exceed the marketing jurisdiction specified in the contract.

Indeed, only in instances wherein the agent has engaged in transactions rendered unprofitable by virtue of his own incompetence, according to both al-Shaybānī and al-Sarakhsī, could an investor intervene to compel the agent to sell the consigned goods to retrieve his committed capital.[71]

But al-Sarakhsī also clarifies that even in such an instance, this safeguard was designed to operate to protect both parties – in that an agent could be compelled to sell only so much of the inventory as would be necessary to refund the financier's original investment and his attendant share of the profit. This proviso was obligatory because:[72]

> Profit is an inherent legal right, and an agent cannot be compelled to sell his personal property merely to satisfy the objectives of his partner. For just as it is necessary to indemnify an investor against harm, so it is necessary to indemnify the agent with respect to his share. In this way, the equity ownership interests of both of the parties are equitably balanced.

In abstract theory, there were three sanctioned uses for *muḍārabah* contracts:

– for capital investments;
– for commodities trading; and
– for production (manufacturing) enterprises.

In general practice, however, they appear to have been employed primarily to underwrite mercantile ventures – in other words, generating financial returns gained by exploiting commodity price differentials in trade. Some medieval Muslim jurists were even of the opinion that its use in manufacturing ventures was openly forbidden.

Mālikī and Shāfiᶜī scholars, in particular, rejected any "productive investment" application of the *muḍārabah,* arguing that since the agent would be engaging in the actual production, traditionally compensated

70 Al-Dimashqī 1977, pp. 33–39, 75.
71 Al-Shaybānī n.d., fol. 83A; al-Sarakhsī 1986, vol. 22, p. 127.
72 Al-Sarakhsī 1986, vol. 22, p. 72.

by a fixed wage rate, all profit and loss should accrue exclusively to the investor.[73]

The Ḥanafī jurist al-Sarakhsī, however, believed that there were, in fact, legally sanctioned procedures for goods producers to circumvent this prohibition merely by engaging in the sale, as well as in the manufacture, of the goods:[74]

> If the investor instructs his agent to employ his capital to purchase leather and hides – and then design them into boots, belt buckles, and leather bags – this is all part of the practice of merchants in their pursuit of profit, and is permissable in a *muḍārabah* contract.

Hence, in this interpretation, the *muḍārabah* could, in fact, be legally employed in manufacturing operations – but only if the producer of the commodity was also its distributor.

Muḍārabah contracts thus were backed by an impressive body of religiously defined financial law. As in contracted partnerships, the Muslim jurists specified that these more complex business forms likewise had to be both consigned to writing and explicit in their intent – with al-Shaybānī even providing a written format for such "contract formulation."[75] Not only were methods for equitably allocating profits to be clearly delineated,[76] he stipulates, but the procedures for expense reimbursement,[77] agency accountability and liability,[78] and contract termination[79] were likewise to be precisely specified.

In short, "corporate credit" – as will be demonstrated in actual application under the Fāṭimid dynasty in Chapter 4.3 – played a vital role in facilitating commerce in the medieval Muslim economic world. It financed mercantile activities of those who lacked sufficient funds to function independently.

It also provided a means for wealthy non-merchants to invest their surplus capital in productive ways. It likewise allowed for "trade by

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73 A. Udovitch 1970c, p. 186.
74 Al-Sarakhsī 1986, vol. 22, p. 54.
75 Al-Shaybānī n.d., fol. 140B.
76 Cf. al-Sarakhsī 1986, vol. 22, pp. 27, 54–55, 105–106; al-Shaybānī n.d., fols. 45A, 46A, 47, 70, 112.
77 Al-Sarakhsī 1986, vol. 22, pp. 62–64, 67; al-Shaybānī n.d., fols. 76, 77A, 80B, 81A.
78 Cf. al-Sarakhsī 1986, vol. 22, pp. 55, 71, 169; al-Shaybānī n.d., fols. 71, 74A, 82, 161, 162B, 168B; al-Dimashqī 1977, pp. 33–39, 75.
79 Al-Shaybānī n.d., fols. 134B, 135A.

proxy" – providing means for merchants to finalize transactions at times when their existing money supplies might be inadequate, and/or were destined to operate in regions where the transport of large monetary sums might otherwise be risky.

In pursuit of these ends, the business structures prescribed by Islamic law thus were extremely versatile administrative mechanisms. For by employing credit as a valid type of trade investment, the medieval Muslim merchants' various forms of corporate association served as the means to both finance commercial ventures and to exploit the abilities of those who possessed mercantile skills but lacked capital.

The consummate success of the Islamic Empire's far-flung global commercial initiatives described in detail in Chapter 2.1 was due, in no small part, in fact, to the great versatility afforded to its merchants by their *sharīᶜah* law – the *corpus juris* of its theocratic governance – which sanctioned entrepreneurially visionary financial instruments that were to become a powerful driving force behind its quite remarkable economic dynamism.

D. Banking and Attendant Fiducial Instruments

Medieval Muslim merchants also were supported by a wide variety of ancillary financial tools now deemed "modern" that immensely facilitated their wide-ranging commercial expansion.

Among them, references are commonly made in contemporary Arabic sources to the "bank draft" or "letter of credit" (*suftajah),* "bond" (*khaṭṭ*), "credit transfer" (*ḥawālah*), "bank deposit" (*ibdāᶜah/ wadīᶜah*), "promissory note" (*ruqᶜah*), as well as varying forms of "bank checks" (*khaṭṭ/tawqīᶜ/ṣakk*).[80] Many modern scholars have contended, in fact, that the French and English words "cheque" and "check" derived from an Arabic equivalent: *shakk* or *ṣakk.*[81]

What is irrefutable, however, is that while the earliest Muslims did not invent "checking" – as there is evidence of its use in Greece, Rome, Egypt, and the Levant long before the 1st/7th century Arab conquests –

80 On the medieval Islamic usage of these financial instruments, see Ibn Ḥawqal 1938, p. 99; al-Shaybānī n.d., fol. 63B; J. Schacht 1964, pp. 148 ff.; R. Grasshof 1899a, pp. 70 ff.; E. A. Ashtor 1986, p. 555; idem. 1976, p. 145.

81 E. A. Ashtor 1986, p. 555.

it is certain that checks were used to transfer capital ownership from the onset of Islam.

Ibn ʿAbd al-Ḥakam indicates, for instance, that the second caliph, ʿUmar b. al-Khaṭṭāb (d. 23/644), paid for the grains delivered to his state warehouses by check.[82] He also indicates that this ruler would pay governmental wages by check prepared by his treasurer, Zayd b. Thābit, which were written on papyrus and certified on their reverse sides by seal[83] – and that this practice was perpetuated into the Umayyad era.[84] Indeed, the contemporary use of such checks in private business dealings appears to have been quite substantial – with Ibn ʿAbd al-Ḥakam asserting that taxes to the government were also now commonly paid in that manner.[85]

For any such personal check to be valid, the sources indicate, it had to be cosigned by at least two witnesses.[86] Indeed, by the 2nd/8th–3rd/9th centuries, it seems, checks had become a common feature of everyday economic life – as the bankers would reportedly cash checks for a fee of one *dirham* per each *dīnār* of value. Depending upon the current exchange rate, therefore, this service fee could range to as high as ten percent or more.[87]

The effective transactional range of such financial instruments also appears to have been impressive. The 4th/10th century geographer Ibn Ḥawqal, claims to have witnessed first-hand merchandise sales in North Africa that were paid for by checks drawn upon a Sijilmāsah banking house. One of these checks was for the sizable sum of 42,000 *dīnārs*.[88]

The 5th/11th century Persian geographer Nāṣir-i Khusraw describes a similar contemporary use of checks in Aswān in southern Egypt; and further relates that by the middle of that century, most business transactions in al-Baṣrah were then being negotiated by check.[89] The city of al-Baṣrah, in fact, appears to have been quite renowned for its bankers at

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82 Ibn ʿAbd al-Ḥakam 1922, p. 166; see also ʿA.ʿA. al-Dūrī 1974, p. 170, citing al-Yaʿqūbī; V. Fisk 1931, pp. 10 ff.

83 Ibn ʿAbd al-Ḥakam 1922, p. 223; see also al-Tanūkhī 1921–1931, vol. 1, pp. 90–93, 103, vol. 2, p. 680; al-Ṣābī 1904, pp. 93 ff.

84 Ibn ʿAbd al-Ḥakam 1961, p. 223.

85 Ibn ʿAbd al-Ḥakam 1961, p. 244.

86 See al-Iṣfahānī 1927–1974, vol. 1, p. 132; Ibn Kathīr 1966, vol. 8, p. 87; al-Samhūdī 1973, vol. 3, p. 1057.

87 W. Fischel 1968, p. 21; A. Lieber 1968, p. 233.

88 Ibn Ḥawqal 1938, pp. 60, 99; N. Levtzion 1968, pp. 223–233.

89 Nāṣir-i Khusraw 1881, p. 64.

this time – who even are said to have customarily cashed checks drawn on oriental banks, callled *hundīs,* for Far East merchants.[90]

The "credit transfer" (*ḥawālah*) also was a highly flexible monetary instrument. Often used in conjunction with the *muḍārabah,* the medieval Muslim investor could employ it as a debt transfer mechanism as well as a credit documentation tool – using it to empower an agent to collect a loan repayment from one of his debtors, and then immediately committing the proceeds to a *muḍārabah* investment, thereby creating a hybrid "debt/credit" commercial contract.

Al-Shaybānī explains that a business agent could legitimately employ such a document because it was part of "conventional merchandising practice" – and it also appears to have been a highly effective instrument for facilitating capital flows in international trade transactions as well. [91]

The "letter of credit" (*suftajah*) similarly was a financial instrument commonly utilized not only in conventional private trade operations but also for transferring public sector funds. The sources suggest that because of such flexibility, they were extensively employed.

They could be issued in Makkah or al-Madīnah, for example, and then cashed in a distant city such as al-Baṣrah or al-Kūfah – and because they were certified, and deemed valid only when formally signed and stamped by the issuing party, they were readily negotiable credit instruments that could be transacted in remote locations.[92] Medieval Muslim merchants appear to have used the *safātij* not only as letters of credit, but also as a highly utilitarian expense credit convenience in much the same way that travelers checks are now employed.[93]

Indications are that they were equally useful "public sector" tools of financial diplomacy. In 314/926, for instance, the ᶜAbbāsid provincial government of Egypt reportedly sent emissaries to Baghdad remitting tax revenues in the form of three letters of credit (*safātij*) totaling 147,000, 80,000, and 400,000 *dīnārs* respectively.

Sources likewise indicate that the subsequent Ikhshīdid administration of Egypt also forwarded its tax proceeds to Baghdad in this

90 See S. B. Samadi 1955, p. 245; R. Grasshof 1899a, passim.
91 Al-Shaybānī n.d., fol. 63B.
92 Al-Sarakhsī 1986, vol. 14, p. 37; al-Iṣfahānī 1927–1974, vol. 6, p. 26.
93 ᶜA.ᶜA. al-Dūrī 1974, p. 169.

manner.[94] Similarly, there are reports that the ᶜAbbāsid fiscus in 316/928 received 900,000 *dirhams* in revenues from its Persian provinces via such letters of credit drawn upon local banks.[95]

Early medieval Muslim employment of these various financial instruments was simultaneously supported by a widespread network of “money-changers” (*ṣarrāf/ṣayārifah*) located in the major urban areas who, over time, came to constitute a rudimentary banking industry. These moneychangers, it seems, would often finance trade transactions using their personal capital resources – and would concurrently take bank deposits, make short term loans, and issue letters of credit to underwrite other key commercial activities.[96]

Though interest was forbidden on such loans by the fundamental tenets of Islam, various artificial pricing schemes, such as the *mukhāṭarah* contract described in Appendix E nonetheless enabled the enterprising small business merchant bankers to make very healthy profits on such transactions.[97] Some likewise reportedly were engaged in arbitrage activities – buying and selling precious metals and other commodities of value to augment their financial returns.[98]

A more formal banking industry simultaneously developed during the formative years of the *Dār al-Islām* – as because of burgeoning demands for credit occasioned by its very rapid commercial expansion, the function of “money-changer” (*ṣarrāf*”) would, over time, evolve into that of full-fledged banker (*jahbadh*). Such bankers were not only involved in financing private sector economic ventures, it seems, but also in providing “tax anticipation notes” to government – advancing large sums to pay *current bureaucratic expenses* secured by liens on *future tax revenues.*[99]

To administer these financial functions, and to collect sundry *ad valorem* taxes that were levied on the bankers’ assets (*māl al-jahbadhah*) –

94 Miskawayh 1920–1921, vol. 1, pp. 43, 146, 150; al-Jahshiyārī 1926, p. 296; Ibn Saᶜīd 1899, p. 32; al-Sarakhsī 1986, vol. 14, p. 37; A. Lieber 1968, p. 234.

95 Miskawayh 1920–1921, vol. 1, pp. 146, 187; R. Grasshoff 1899a, passim.

96 On this, see al-Iṣfahānī 1927–1974, vol. 11, p. 193, vol. 16, pp. 302–303; al-Mubarrad n.d., vol. 1, p. 355; al-Azraqī 1858, p. 155; Mālik b. Anas 1905, vol. 8, pp. 396, 430.

97 Al-Iṣfahānī 1927–1974, vol. 13, p. 223; al-Zubayrī 1953, p. 304.

98 See Mālik b. Anas 1905, vol. 8, p. 430.

99 On this, see Yāqūt 1907, pp. 385, 399; al-Tanūkhī 1921–1931, vol. 8, pp. 23–24, 57; al-Ṣābī 1904, pp. 10–11, 79; Miskawayh 1920–1921, vol. 1, p. 158; see also ᶜA.ᶜA. al-Dūrī 1974, pp. 157 ff.; W. Fischel 1968, pp. 2 ff.; idem. 1933, pp. 581 ff.

as well as to provide oversight of all private banking activities in general – the ᶜAbbāsid government in 316/928 created a state central banking agency known as *dīwān al-jahbadhah.*[100] Indeed, as a result of the vigorous trade expansion that attended the rise of Islam, banks now rapidly proliferated throughout its empire in a variety of corporate forms. According to Nāir-i Khusraw, in the year 444/1052, there were over 200 banks then engaged in both underwriting commercial activities and trading in precious metals bullion in Iṣfahān alone.[101]

Al-Baṣrah, as indicated, was also a major financial center, and because many of its bankers were Jewish, its principal banking district was known as the "Jewish (*al-Yahūdīyah*) quarter."[102] On an even more grandiose business scale, "al-ᶜAwn Street," in the center of the ᶜAbbāsids' imperial capital, Baghdad, now quite literally appears to have become the "Wall Street of the Middle Ages," with many banking agencies and money-changers located on its premises.[103]

Indeed, because the Jewish religion sanctioned lending at interest to strangers, and because Muslims were allowed to pay interest but not collect it, this synergy of mutual financial interest soon led to the rise of several major Jewish banking houses throughout the medieval Near East.

Describing the contemporary financial communities of Egypt and Syria circa 375/985, for instance, the geographer al-Muqaddasī asserts that most contemporary bankers then were Jews.[104] Two individuals in particular, Yūsuf b. Fīnḥās and Hārūn b. ᶜUmrān, whom medieval Arabic sources refer to repeatedly as "the two Jewish bankers" (*al-jahbadhān al-yahudīyān*), now rose to great financial prominence in Baghdad at the court of the ᶜAbbāsid caliph al-Muqtadir.[105]

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100 Al-Jahshiyārī 1926, pp. 158, 224, 226, 255; Yāqūt 1907, p. 135; al-Tanūkhī 1921–1931, vol. 2, pp. 39–40; Miskawayh 1920–1921, vol. 1, pp. 11, 52, 95, 99, 349, 379; W. Fischel 1968, pp. 4 ff.

101 Nāṣir-i Khusraw 1881, p. 253.

102 On this, see Miskawayh 1920–1921, pp. 247–248; al-Tanūkhī 1921–1931, vol. 1, p. 204; Yāqūt 1907, vol. 1, p. 399; W. Fischel 1933, p. 351; E. A. Ashtor 1976, p. 145; B. Lewis 1966, p. 91.

103 Al-Muqaddasī 1906, p. 183. See also al-Jahshiyārī 1926, pp. 33, 79–80, 124, 158, 306–307; Miskawayh 1920–1921, pp. 44, 66, 79–80, 112, 128; al-Tanūkhī 1921–1931, vol. 2, pp. 81 ff.; Yāqūt 1907, vol. 1, pp. 74, 91; W. Fischel 1933, p. 345.

104 Al-Muqaddasī 1906, p. 183.

105 Al-Jahshiyārī 1926, pp. 158–159; W. Fischel 1933, p. 349.

Indicative of their lofty prestige, they carried the imposing title of "official court bankers" (*jahābidhat al-ḥaḍrat*).[106] The sources provide evidence, in fact, that not only were these two financiers now engaged in facilitating the economic transactions of the government, they likewise were involved in making personal loans to ranking governmental officials that extended even to prime ministerial and caliphal levels.[107]

Such bankers, it appears, were nonetheless not in exclusive public sector employ but offered credit facilities to private entrepreneurs as well. Indeed, one of their principal functions reportedly was to provide "letters of credit" (*safātij*) to merchants. They also seem to have been deeply involved in making direct private loans and accepting bank deposits – as well as undertaking many of the other key fiducial functions associated with modern banking today.

It is to the analysis of the further development, and on-the-ground deployment, of these comprehensive financial systems in the evolving new economic superpower of the medieval Near East, Fāṭimid Egypt, therefore, that this inquiry now turns.[108]

106 Al-Jahshiyārī 1926, pp. 80, 124; Miskawayh 1920–1921, p. 128; al-Tanūkhī 1921–1931, vol. 2, pp. 80–81, 84–85.

107 Al-Jahshiyārī 1926, pp. 93 ff.; al-Tanūkhī 1921–1931, vol. 1, pp. 90, 93, 103–105; Nāṣir-i Khusraw 1881, p. 64.

108 See al-Jahshiyārī 1926, p. 81; Miskawayh 1920–1921, pp. 44, 66, 164, 213, 220, 229, 329; al-Tanūkhī 1921–1931, vol. 2, pp. 82–85; Ibn Saᶜd 1904–1927, vol. 4, p. 5.

Chapter 4

The Fruition of "Commercial Capitalism" in Fāṭimid Egypt

4.1. The Fāṭimid Conquest of Egypt

Preceding chapters have described the gradual coalescing of a unique form of "Arab commercial capitalism" in the 6^{th}–7^{th} centuries Ḥijāz and its subsequent evolution under the four "Righteous Caliphs" and Umayyad and early ᶜAbbāsid rule. Such capitalistic practice would not reach full flower, however, until the rise of the Fāṭimid dynasty commencing in $4^{th}/10^{th}$ century Egypt – and with it, the essence of its impelling doctrine would be captured by local intellectuals in scholarly treatises as well. This ever-evolving Islamic economic model merits further contemplation.

For in the year 358/969, armies of the Maghribī Fāṭimid dynasty moved eastward from Tunisia across North Africa and conquered Egypt. Now shifting their seat of governance from al-Mahdīyah to Cairo, a new capital constructed especially for the occasion, the Fāṭimids proceeded to build the first-ever Ismāᶜīlī state. With this event, then, the evolution of Arab commercial capitalism would take a dramatic new turn, abetted by a far-sighted government committed to free trade and market-driven commercial precepts.

Indeed, the Fāṭimids' rule of Egypt would bring that country to its economic apogee in the Middle Ages – as under their two centuries of administration, despite periodic interventions of plague and famine, the population of its imperial capital more than trebled.[1]

The Ismāᶜīlī caliphs themselves used Egypt's sumptuous wealth to produce a life of opulence. Al-Maqrīzī describes their holdings of luxury items in elaborate detail.[2] Nāṣir-i Khusraw, who visited the country

1 E. A. Ashtor, 1976, p. 202.

2 Al-Maqrīzī 1948, vol. 2, pp. 280–293; idem. n.d., vol. 1, pp. 408–422; Ibn Muyassar 1919, pp. 20, 45; al-Rashīd b. Zubayr 1959, pp. 67 ff., 124 ff.

in 438–441/1046–1049, shortly before the great "economic calamity" that would be visited upon it midway through the regime of the caliph al-Mustanṣir, likewise describes its affluence in glowing terms, asserting that he could not limit his assessment of its wealth, and that he had never witnessed such prosperity as he found there:[3]

> I estimate no less than 20,000 shops in Cairo owned by the *sulṭān*. Many of them rent for ten Maghribī *dīnārs*. Caravanserai, baths, and other public structures are there so plentiful as to be difficult to count. . . . In both Cairo and Miṣr al-Fusṭāṭ, it is said, as many as 20,000 houses belong to the *sulṭān*, which are rented monthly to the populace.

Similar opulence was noted by the *dāᶜī* al-Mu'ayyad fī Dīn Allāh al-Shīrāzī on his visit to the country a decade later in the year 451/1059.[4] Ibn Muyassar, in turn, describes treasures in the palace of Fāṭimid Prime Minister al-Afḍal so voluminous that, upon his death in 515/1121, it took the staff of the caliph al-ᶜĀmir more than 40 days to take their inventory.[5]

Hence, the wealth generated in the "Land of the Nile" under the Fāṭimid dynasty reportedly was phenomenal; yet it was an opulence made possible only because of the great prosperity that directly issued from medieval Egypt's essentially *laissez faire* economic policies. For because of the nation's abundant capital surplus, the evolution of commercial capitalism in Fāṭimid Egypt – as well as the subsequent transfer of its precepts to Western Europe via the Italian merchants commencing in the late 5th/11th century – was a fascinating, albeit complex, process.

Indeed, it was particularly because of unique Ismāᶜīlī imperial objectives, combined with traditional techniques that dictated Egypt's economic governance, that a full-blown capitalistic state emerged. The political factors that drove these dramatic financial developments were three-fold:

> 1. The strategic "geopolitical goals" of the Fāṭimids were territorial. Their doctrinal literature reveals that their political goal was global subjugation, not economic micromanagement of the Nile basin;
> 2. Egypt, in turn, despite centuries of foreign domination, had enjoyed a lengthy tradition of indigenous *domestic* governance – as the state's day-to-day economic administration lay largely in the hands of its twin primary minorities, the Jews and the Copts; and

3 Nāṣir-i Khusraw 1945, p. 48.
4 Al-Mu'ayyad fī Dīn Allāh al-Shīrāzī 1949, pp. 85–86.
5 Ibn Muyassar 1919, p. 58.

3. It was the synergy resulting from the coalescing of these two key governing factors – *external* policy preoccupation, combined with noninterference in *internal* microeconomic operations – then, that produced the emergence of an essentially free market economy within the country's major urban centers.

As a consequence, absent a strong central government intensely focused upon domestic affairs, Egyptian business people were afforded great freedom in its private sector operations – as large merchant houses, their agents (*wukalā' al-tujjār*), and major "brokerage houses" (*dūr al-wakālah*) rapidly sprang up to meet the burgeoning consumer demand occasioned by the emerging economic prosperity. Thus freed from the onerous regulatory regime that the preceding ᶜAbbāsid proxy administration, the Ikhshīdids, had imposed, Egypt's mercantile economy now took off.

Indeed, as subsequent analysis demonstrates, it was often its "religious minority" merchants, working within the parameters of Islamic law, who made this rapid "take-off" possible – in so doing, honing to fine precision many of the initial business instruments that ultimately would become the very earliest forerunners of modern capitalism in the West.[6]

The 4th/10th century ᶜAbbāsid Arab historian Miskawayh, marveling that private sector credit instruments were receiving a far greater measure of public acceptance than official tax rebate checks in regional marketplaces, was moved to exclaim:[7]

Merchants are now more powerful than Ministers!

Further indicative of their lofty status, Syrian savant Abū al-Faḍl al-Dimashqī's landmark work, "Reference to the Merits of Commerce" (*Al-Ishārah ilā Maḥāsin al-Tijārah*), reflects not only the respect enjoyed by contemporary merchants in the 5th/11th century, but likewise the high degree of capitalistic spirit that impelled them – as calling wealth one of God's bestowed attributes, he devotes the second half of his highly illuminating treatise to techniques of amassing wealth through commercial endeavor.[8]

6 On this emerging capitalistic evolution, see J. Baechler 1975, p. 77; S. D. Goitein 1970, pp. 61–62.

7 Miskawayh 1920–1921, vol. 3, pp. 138–139.

8 Al-Dimashqī 1977, passim, and "Faṣl fī Ḥifẓ al-Māl," pp. 54 ff., in particular.

So prominent were "Muslim merchants" in this era, in fact, that the historian Adam Mez, in his analysis of prominent manifestations of mercantile capitalism in $4^{th}/10^{th}$ century Arabian society, observes that they had become the very "bearers of Islamic civilization.[9] Accordingly, a sizable professional mercantile class, which had developed gradually within the first three centuries of the Muslim era, now grew to become a powerful force for economic progress within the *Dār al-Islām* in its highly dynamic fourth century.

Free trade thus was critical to the success enjoyed by the Fāṭimid caliphs as they assumed control of the reins of rule over Egypt midway through the $4^{th}/10^{th}$ century. It was vital to their efforts both to strengthen their indigenous in-country power base and to extend their influence over areas beyond their control.

For early on, they had come to view *commercial expansion* as an effective tool of *political expression*. The Fāṭimids had risen as a maritime power in Northern Africa by capitalizing upon that region's strategically located seaports, and the economic lifeblood of the state that they took as the seat of their new empire in 358/969, Egypt, was also waterborne commerce.

Accordingly, as they settled in to rule Egypt, they made trade and the nation's mercantile fleet prime instruments of their expansionist foreign policy. Indeed, so important was commerce to their imperial goals, the modern revisionist historian M. A,. Shaban argues, that "it became the most important motive in almost every act undertaken by the Fāṭimids throughout their entire history."[10]

The cutting edge of the dynasty's mercantile expansion was its clandestine network of "missionary propagandists" ("*du^{c}āt*), a highly secretive group who doubled as itinerant peddlers. It was these missionaries, concealed in the guise of merchants, who, as very early infiltrators, then prepared the battlefield for the relatively peaceful conquest of Egypt in 358/959.

In their pursuit of trade, Bernard Lewis contends, the Fāṭimid missionary (*dā^{c}ī*) and the Muslim merchant merchant (*tājir)* often "went

9 A. Mez 1922, p. 422. Accordingly, while it may be asserted that the founding tenets of the Islamic faith contained the seeds of capitalistic doctrine, it may concurrently be argued that these seeds grew to full fruition in the burgeoning marketplaces of Fāṭimid Egypt – from there, spreading to the other marketplaces of the *Dār al-Islām*, and then, onward to Western Europe.

10 M. A. Shaban 1976, p. 193.

hand-in-hand."[11] Making the same argument, the Egyptian historian ᶜAbd al-Munᶜīm Mājid notes that the Fāṭimid missionary and merchant were often the same individual.[12] The Ismāᶜīlī historian ᶜAbbās al-Ḥamdānī takes this analogy further still in suggesting that in those areas where the Fāṭimid dynasts had no trade interests, the interests of their missionaries were neglected as well.[13]

It was reportedly explicitly to promote such commercial interests, in fact, that one Yaᶜqūb b. Killis, an erstwhile Jewish merchant who had become Fāṭimid Egypt's first prime minister, immediately embarked upon an extensive program of economic development both to ensure internal market prosperity and to produce an abundance of exportable products.

Simultaneously, the new government devoted extensive resources to seaport construction and expansion of the maritime fleet. To this end, a specially dedicated public agency, the *Dīwān al-Jihād,* was created to oversee port development, and a massive boatyard, whose initial production exceeded 600 ships, was set up in the port of Cairo, al-Maqs. To facilitate its Red Sea trade, the commercial port, ᶜAydhāb, likewise was expanded.[14]

Indeed, as a result of these extensive efforts, by the onset of the 5th/11th century, the preponderance of Islamic trade had decidedly shifted from Iraq and the Arabian Gulf to Egypt and the principal Fāṭimid ports located on the Mediterranean and the Red Sea.

The special status afforded to merchants within Fāṭimid Egypt, combined with the dynasty's ongoing official commitment to free market trade promotion, soon led to a vibrant, profitable *private sector* within the Egyptian state as well, as E. A. Ashtor asserts:[15]

> The prosperity of various branches of industry was one of the most important of economic phenomena in Fāṭimid Egypt. The luxury of the imperial court, the needs of a big army, the construction of a naval fleet, and last, but not least, the development of Egypt's international trade, with the opening of new markets, all of these factors promoted the expansion of its industries.

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11 B. Lewis 1949–1950, p. 53; G. Heck 1986, passim.

12 ᶜA. M. Mājid 1967, p. 305.

13 ᶜA. al-Ḥamdānī 1967, p. 188.

14 Cf. R. al-Barrāwī 1948, pp. 151–152; M. Surūr 1965–1966, pp. 149–151; Ḥ.I. Ḥassan 1958, pp. 302 ff.; B. Lewis 1949–1950, p. 52.

15 E. A. Ashtor 1976, p. 198.

> Those which existed within the Egypt of old increased in volume and developed new branches, while others came into existence in this period. New methods of production were invented, old ones improved, or those employed in other centers successfully copied, frequently by attracting foreign workmen.
> This prosperity must be at least partly explained by the economic policies of the Fāṭimid caliphs. They adhered to the principle of freedom of enterprise; and though they did maintain certain royal factories, they most generally abstained from the then common practice of establishing industrial monopolies.

Medieval Egypt's marketplace thus became a remarkable crucible for political experimentation in *laissez faire* economics – and it is to the study of underlying manifestations of the system of commercial capitalism that this process fostered that the foci of this inquiry now turn.

4.2. The Fāṭimids' "Nilocentric" Macroeconomic Setting

A fascinating feature of the Fāṭimid Egyptian internal economy was its unusual hybrid nature. Structurally, it might best be described as consisting of two concentric circles – a basic "inner circle" consisting of *macroeconomic* functions that were principally state-controlled; operating within an "outer circle," consisting chiefly of *microeconomic* functions that reposed in the hands of private sector business people operating within a predominantly "free market" environment.

Within the macroeconomy, the state was directly involved in the production of a narrow band of strategic commodities and in the marketing of others. Among other functions, the government operated textile factories employed in the manufacture of ceremonial garments used in its official functions. Mints, arsenals, and weapons manufacturing plants were likewise usually state establishments.

The importation of wood and base metals required in the crafting of weaponry was also state controlled – and the production and export of other key commodities, such as natron and alum, were often undertaken as quasi-state monopolies as well. Price-setting, and distributions of consumer goods by the government, were similarly not uncommon – and taxation was extensive.

Amongst the varied public sector revenue-generating mechanisms employed in Fāṭimid Egypt were: a value-added tax on industry; certain brokerage fees and excise taxes on transferring commercial goods; production taxes on fishing, foodstuffs, livestock, and other agrarian produce; income taxes on wages earned in crafts and professions; taxes on sugar, silk, candies, and other commodities; and other creative production levies specifically designed to augment the Fāṭimid fiscus.

Brokerage houses were also subject to excise taxes each time merchandise changed hands, and customs duties were collected at the ports and gateways to all major commercial centers. In all, the late medieval Egyptian historian al-Maqrīzī cites 83 non-canonical taxes levied by this dynasty on various aspects of private sector activity.[16]

The Fāṭimid government was also directly involved in promoting and regulating certain key sectors of private sector market activity. To these ends, merchants and craftsmen were often afforded special protections, prime concessions, and financial incentives to encourage the pursuit of their professions.

Such inducements included market subsidization through official brokerage houses (known as *matājir*) as well as the establishment of other purpose-designed commercial and production facilities that had been created within "industrial park-type" infrastructures for transacting commerce and pursuing crafts and trades.[17]

The domestic merchandising of such critical commodities as natron, alum, agricultural produce, and certain processed foodstuffs likewise was frequently conducted through state marketing franchises. Special outlet facilities (known as *qayāsir*), consisting of wholesale shops and their supporting service areas, also were constructed by the Fāṭimid government within public areas to enable traders to readily market their merchandise.[18]

16 Cf. al-Maqrīzī 1957, pp. 16, 18–21, 72; idem. n.d., vol. 1, pp. 89, 103–111, 425–426; Ibn Mammātī 1943, pp. 327–329; al-Makhzūmī n.d., fols. 102, 156, 163–164; Ḥ. Rabīᶜ 1964, pp. 40 ff. and p. 45 in particular; S. D. Goitein 1967–1973, vol. 1, pp. 115–116, 269–272; ᶜA. M. Mājid 1967, pp. 298 ff.; Ṣ. Labīb 1970, p. 74; R. al-Barrāwī 1948, pp. 273 ff.; Ḥ. I. Ḥassan and T. A. Sharaf 1963, pp. 168 ff.; ᶜA. Mushrifah n.d., pp. 174–175.

17 See sources cited in the preceding footnote.

18 Cf. al-Maqrīzī 1957, p. 120; idem. n.d., vol. 1, pp. 83, 109–110, 444–445, 451, 465, vol. 2, pp. 86–94; Ibn Mammātī 1943, pp. 328–329; al-Makhzūmī n.d., fols. 102, 156, 163–164; Nāṣir-i Khusraw 1945, p. 38; al-Nābulsī 1961, p. 36; Ibn Muyassar 1919, p. 62; ᶜA. M. Mājid 1967, pp. 304–305; Ṣ. Labīb 1970, pp. 71–73; idem. 1969, pp. 85–86; S. D. Goitein 1967–1973, vol. 1, pp. 115–116, 187, 267, 446 (notes 4–6); idem. 1980, p. 44; R. al-Barrāwī 1948, pp. 270–272; C. Cahen 1964, pp. 257–262; A. Raymond and G. Weit 1979, pp. 2–21, 111–145, passim.

Warehouses (*makhāzin al-tujjār*), hotels (*khānāt*), and baths (*ḥāmīyāt*) were similarly set up by the government within Egypt along main roads and other public places to accommodate traveling merchants; whereas foreign merchants were housed in special hospices (*fanādiq al-tujjār* or *dūr al-silaᶜ*) also administered by the state.

Over time, these *fanādiq* evolved into highly specialized commercial marketing institutions resembling, in many ways, modern mercantile exchanges. Brokerage houses (*dūr al-wakālah*), in like manner, were set up by the Fāṭimid government to support the individual marketing needs of various types of merchants.[19]

Market oversight, to ensure proper commercial functioning, was similarly a key feature of Fāṭimid governance. Public sector monitoring agencies ("*dawāwīn al-naẓar wa al-taḥqīq*") were set up to supervise tax collections and audit expenditures of public sector revenues. Municipal market superintendents ("*muḥtasibūn*) regulated the prices and supplies of essential commodities such as the breads and grains sold to the public at retail.

These overseer functions, which focused upon preventing hoarding and excessive price gouging, were prescribed in precept in legalistic technical (*ḥisbah*) manuals promulgated by Islamic jurists. To enforce their precepts, municipal market police known as *ᶜurafā'* were charged with the prevention of fraud, ensuring quality in craftsmen's workmanship, and preserving the integrity of the system of "weights and measures." In conjunction with this latter standards function, a special governmental workshop (*dār al-ᶜiyār*) held the exclusive franchise for the manufacture of official weights and measuring devices.[20]

Fāṭimid rulers deemed such market regulation to be quintessentially important. The great significance that they attached to an unquestioned weights and measures system in facilitating commercial transactions is underscored by the 5th/11th century Arab scholar Abū al-Faḍl al-Dimashqī in his insightful manual on trade: [21]

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19 See sources cited in the preceding footnote.

20 For details on this market oversight, see al-Qalqashandī n.d., vol. 3, pp. 489–493; al-Maqrīzī 1957, pp. 18–19; idem. n.d., vol. 1, pp. 108–109, 400–403, 463–464, vol. 2, p. 5; Ibn Mammātī 1943, pp. 307 ff.; al-Nābulsī 1961, pp. 28–30, 36 ff.; Ibn Muyassar 1919, p. 42; Ḥ. Rabīᶜ 1964, pp. 80 ff.; ᶜA. M. Mājid 1967, pp. 169–173; Ṣ. Labīb 1970, pp. 71–73; idem. 1969, pp. 85–86; S.D. Goitein 1967–1973, vol. 1, pp. 84–85, 270, 411 (note 14); idem. 1954, pp. 189–190; idem 1968, p. 260; C. Cahen 1977d, pp. 313 ff.; I. Lapidus 1980, p. 11.

21 Abū al-Faḍl al-Dimashqī 1977, p. 42.

> Everything bought and sold should be measured either by dry measure, or by approximate time, or numerically. By this process, any merchant will know the swindler and the various devices he applies while measuring, weighing, and counting.

Indicative of the Fāṭimids' precise oversight over primary economic and trade transactions, the medieval Egyptian public sector scholar/bureaucrat al-Qalqashandī cites no less than fourteen separate official agencies (*dawāwīn*) that were devoted to this aspect of their governance alone.[22]

Yet, paradoxically, despite the government's consummate concern with market sanctity, average business people, whose primary consumer base consisted of society at large, appear to have functioned without any inordinate governmental imposition. The Geniza scholar Goitein attributes what he calls the "Fāṭimid economic miracle," in fact, to the dynasty's adherence to a general policy of non-interference in Egypt's *laissez faire* business economy.

Indeed, many private entrepreneurs, particularly those specialized in such vital industries as textiles and sugar production, now grew to be rich industrialists by reinvesting their earnings and profits in financially rewarding ancillary business ventures.[23]

No clear distinction appears to have been made between the pursuits of industry and commerce within the realm, as those individuals producing a commodity often traded in it and similar products as well. Contracts of partnership preserved in the Geniza documents, by way of example, often indicate that the prime purpose of such association was not only for the manufacture of a particular commodity but also for its marketing.[24]

Medieval Egypt likewise appears to have been blessed with a great abundance of entrepreneurial spirit that, combined with a high degree of industrial specialization, produced widespread economic diversification – as the Geniza documents reflect the pursuit of no less than 210 separate specialized arts and crafts within the Cairo area alone.

As market demand would grow for a given class of merchandise, moreover, a craftsman's workshop and his product distribution network would often evolve into a more complex corporate organization

22 See al-Qalqashandī n.d., vol. 3, pp. 489 ff.
23 S.D. Goitein 1967–1973, vol. 1, p. 33; E.A. Ashtor 1976, pp. 199 ff.; M. Rodinson 1978, p. 52.
24 S.D. Goitein 1968, pp. 243, 273–274; idem. 1961, pp. 168, 180.

to accommodate it. Through the gradual development of a more formal marketing system, the emerging "company" would thus come to meet not only increasing local needs, but also branch out to develop an "export market" in less proximate areas.[25]

Many major mercantile ventures within medieval Egypt were spawned through such "happenstances of market opportunity." An emerging entrepreneurial craftsman might identify a potentially profitable market niche for products that he was capable of producing – and risk his savings to introduce them into the marketplace.

Alternately, a merchant possessing surplus capital from his previous sales, or the divestiture of previously profitable profit lines, might reinvest in new productive ventures. As the profits were ploughed back into the business, then, its production base would diversify and expand.

Indeed, as it would grow beyond a certain minimal size required for subsistence, it would concomitantly evolve into a new business structure capable of considerable capital generation while accumulating surplus funds that could be committed to still further future productive investment – a development greatly facilitated by the multiple forms of corporate association sanctioned by Islamic law.

The prime financial question for such an expanding enterprise, therefore, would gradually shift from the basic one of initially raising venture capital – to the more complex one of how to profitably reinvest excess earnings in more complex forms of "mezzanine financing" to further grow the business. For given abundant capital produced by such ample profits, the successful medieval entrepreneur would often concurrently face both the business opportunity and the market need to diversify his corporate activities into more diverse spheres of economic interest.

The Geniza documents reveal, for instance, that the renowned medieval Egyptian merchandising house of Ibn ᶜAwqal, which prospered through the 5th/11th century, dealt in 83 separate commodities and their associated byproducts. Another Egyptian wholesale merchant/ mercantile banker, Nahray b. Nassīm, who lived in the second half of the 5th/11th century, was involved in selling more than 280 different product lines, including more than 120 export lines.

His international trade transactions included the export of flax to Sicily and Tunisia; the import of precious stones from Central Asia; and

25 See sources cited in the preceding footnote.

the imports of laquer, indigo, and rosewood from the Far East. Many of his commodities, the documents note, were also destined for re-export. Another contemporary entrepreneur based in Alexandria circa 493/1100, Isaac Nīsābūrī, handled more than a dozen lines of merchandise. In this manner, then, highly profitable commercial corporations were born.[26]

This lawful amassing of personal capital (*"iddikhār"*) through free market gain, as noted in Chapter 3.1, was fully consonant with, and indeed explicitly encouraged by, the tenets of Islam. The elasticity of the corporate models embedded in Islamic doctrine that made possible the effective utilization of surplus capital was a prime factor, in fact, in the dramatic economic renaissance that enabled medieval Egypt to become the supreme economic superpower in the Near East in the late 4th/10th to mid – 5th/11th centuries.

For it contributed palpably to the gradual evolution of a dynamic new form of "commercial capitalism" – firmly founded on the early Islamic business models – that emerged within Fāṭimid Egypt; and shortly thereafter, was exported to southwest Europe at large, contributing to the economic revival of the Mediterranean region as a whole commencing in the late 5th/11th and early 6th/12th centuries.

In-depth analysis of this unique form of "commercial capitalism," as suggested, is greatly facilitated by access to the Geniza documents, many of which preserve the records of the medieval Egyptian Jewish business community – thereby permitting significant transparency into what is frequently an extremely opaque and obscure mercantile past

For in general, most medieval merchants normally did not maintain their "real time" functional business records for the benefit of posterity – as once their utilitarian value had been served, they were destroyed in the interests of efficiency and space. Only a small number might be retained, by reference, therefore, within surviving court records.

The Geniza documents, however – deliberately not destroyed so as to prevent desecration of the name of God featured in their preambles – are novel in that a great number of them are *actual* bookkeeping documents presenting tangible evidence illustrating then prevailing commercial practice.

Their chronological relevance is particularly significant to the present inquiry. For it was at this time, as S.D. Goitein has correctly observ-

26 S.D. Goitein 1967–1972, vol. 1, pp. 153–154, 158; idem. 1967, p. 53; N. Stillman 1975, p. 27; D. Herlihy 1987, vol. 2, p. 427.

ed, that the Jews became "a people predominantly commercial;" and as such, they were the prime traders in the contemporary Egyptian economy.

Indeed, as noted, the first great economic architect of Fāṭimid Egypt, Yaᶜqūb b. Killis (d. 380/990) – who began his career as a private sector commodities broker (*wakīl al-tujjār*) and later ascended to become the dynasty's first formal prime minister – was a Jew who had converted to Islam.[27]

Despite their parochial provenance, however, the surviving Geniza documents are sufficiently diverse in content that they reflect a realistically broad cross-section of the country's economic activities – as in them are to be found evidence of Muslims, Jews, and Christians working together in full free partnership in commercial and industrial participation.

Their value to the present inquiry is enhanced by the reality that they document the activities of most of medieval Egypt's primary business sectors, then largely in the control of a religious minority, the Jews – which nonetheless officially functioned under, and were governed by, the explicit tenets of Islamic law as applied by the Muslim caliphs.

Of this "hybrid," highly interactive operational synergy, Abraham Udovitch, who has conducted extensive exegesis on the individual business records of the Egyptian Jewish business community, asserts:[28]

> With regard to the business methods reflected in the Geniza material, there is little in general outline, and even in substantial detail, that is not anticipated or implied in some of the earliest Islamic writings. . . .
> In light of the close correspondence of Geniza business data to the economic institutions treated in the Islamic legal works, we can assert that many of the latter were transformed into actual economic institutions.

Given these clear correspondences, then, the Geniza documents afford the would-be modern Near East medieval business historian a variety of excellent opportunities to historigraphically recreate many distinctly capitalistic commercial, industrial, and financial functions then at work

27 See Ibn Khallikān 1969, vol. 7, p. 33; Ibn al-Qalānisī 1908, p. 32; Ibn Taghrī Birdī 1929–1972, vol. 4, pp. 51–52; al-Suyūṭī 1882, vol. 2, p. 152; Ibn al-Ṣayrafī 1924, pp. 19–23, 94; al-Maqrīzī n.d., vol. 2, pp. 5–6; W. Fischel 1968, pp. 46 ff.; idem. 1933, p. 341; S. D. Goitein 1968, p. 241; idem. 1964, pp. 89 ff.; L. Massignon 1931, vol. 1, p. 10. Indeed, when Ibn Killis died, Ibn al-Ṣayrafī (loc. cit.) asserts, his estate included a commercial inventory of clothes valued at 500,000 *dīnārs*, as well as some 16,000 *dīnārs* invested in sundry other trading ventures.

28 A. Udovitch 1970c, p. 4; S. D. Goitein 1968, p. 273.

within the Egyptian economy employing the actual business records of the corporate participants themselves.

4.3. The Perfection of "Commercial Capitalism" in Fāṭimid Egypt

The principal private sector manifestations of early Arab capitalism, of course, like other variants of the species, historic or modern, consisted of four indispensable operating components:

- labor;
- private profit motivation and the quest for capital gain;
- fiducial instruments to meld the two – to wit: effective corporate mechanisms for productively investing private capital; and
- the ancillary "fiducial tools"of commercial capitalism operating within a loosely structured market climate amenable to the conduct of productive business operations.

That medieval Egypt – a land blessed by a perpetually abundant population – enjoyed ample supplies of manual labor is unchallengeable and need not encumber further analysis here. It is the functioning of the other three prime elements of this business synergy in typical prototypic capitalistic operations that now merits further illumination.

A. Private Profit Motive and the Quest for Capital Gain

Building upon the formidable array of Islamic economic and financial doctrines outlined in Chapter 3.2, the Fāṭimid dynasts proceeded to create what was perhaps the first ever fully functioning, capitalistic state economy. In this process, their pursuit of "private profit motive" was manifest in three integral, and integrated, components:[29]

- the possession of private property;
- the pursuit of private profit; and
- the quest for quality private capital; as follows:

29 For a more detailed analysis of the doctrinal foundations of these basic economic precepts, as defined by Islamic jurists, see Appendix D.

(1) The Possession of Private Property

Upon their capture of Egypt and the Levant midway through the 4th/10th century, the Fāṭimids inherited a region of the Near East that had enjoyed a longstanding legacy of respect for the precepts of private property ownership. Indeed, official "bills of sale," property deeds, and other such ownership documents were integral features of its local legal systems long before their conquest.[30]

One of the principal provisions in Ikhshīdīd Egypt's "Treaty of Surrender" drawn up by the victorious Fāṭimid general, Jawhar al-Ṣiqillī – and included at the explicit request of the municipal dignitaries of al-Fusṭāṭ, in fact – was an undertaking on the part of the incoming government to ensure the preservation of individual property rights.[31]

In pursuit of this mandate, then, the first century of Fāṭimid rule of Egypt was distinguished by certain carefully formulated public policies aimed at promoting industrial sector infrastructural development that would produce an era of economic resurgence characterized by the flourishing of privately-owned industry.

For in precept, as has been noted, their caliphs adhered to a basic free enterprise approach, and though they did exact numerous rigorous business taxes and promote certain key "state concessions," except for particularly strategic industries such as weaponry and natron and alum production, they generally refrained from establishing governmental monopolies.

Consequently, modern Near East economic historians are frequently quite lavish in their praise of the Fāṭimids' promotion of private sector economic growth. E.A. Ashtor, for instance, asserts that:[32]

> A rich class of industrialists now succeeded, in spite of heavy taxation, in building up new enterprises while conquering new markets for their products.

S.D. Goitein is similarly "impressed"with the intricate private sector economic diversification and high degree of labor specialization that developed within Fāṭimid Egypt [33] – and for apparent good reason, as

30 See S.D. Goitein 1968, p. 314; J. Sourdel-Thomine and D. Sourdel 1965, vol. 8, pt. 2, pp. 164 ff.
31 Al-Maqrīzī 1948, vol. 1, pp. 102–103; R. al-Barrāwī 1948, pp. 52 ff.
32 E.A. Ashtor 1976, p. 198; see also pp. 193–197, passim.
33 S.D. Goitein 1967–1973, vol. 1, p. 99.

entire new industries were now invented; while the older, existing ones were concurrently expanded and improved. Al-Maqrīzī describes in great detail the rapidly growing ranks of private entrepreneurs who individually pursued their crafts within the markets of Cairo, producing merchandise to be sold within their stalls or by agents throughout the country on their behalf. [34]

Indeed, the Geniza documents suggest the pursuit of over 210 separate industries there alone; while overall, there reportedly were eighteen separate major industrial centers functioning in Egypt in its first century of Fāṭimid rule. They included al-Fusṭāṭ, near Cairo, which was distinguished by sugar, glass, and soap manufacturing, boat-building, textiles weaving, and gold, silver, and copper craftsmanship; Tinnīs, the largest textile and weaving center; Alexandria, famous for its silks and engaged in shipbuilding and soap and candle production; and Damietta, involved also in shipbuilding and the export of silk textiles.[35]

The Geniza materials likewise add documentary insight into the legal nature of the private property system then operating in medieval Egypt – as approximately half of all of their contents are official deeds of title.[36] Some certificates of deed were transacted for minuscule shares of property, as S. D. Goitein relates in describing the private sector housing industry then existing in medieval Egypt:[37]

> In a carefully executed Arabic deed, a husband acquired for his wife 1/48th a house from her brother. In the year of famine 596/1200, a lady sold 1/4th of a house for twelve *dīnārs*. Shares of 1/18th, 1/16th, 1/9th, or 1/8th were commonplace. The majority of transactions recorded concerned portions of a house amounting to 1/6th or more; meaning that they were normally large enough to form individual apartments.

He concludes that:[38]

> In any case, we can see that the institution of partnership, which, in those days, dominated all commerce, finance, industry, and employment, also prevailed in ownership of houses.

34 Al-Maqrīzī n.d., vol. 1, pp. 83, 109–110, 444–445, 451, 465, vol. 2, pp. 86–107, passim; R. al-Barrāwī 1948, pp. 188 ff.

35 On these industries, see R. al-Barrāwī 1948, pp. 380–384; Ḥ. Rabīᶜ (H. Rabie) 1972, pp. 82–86; S. D. Goitein 1961, pp. 164, 180.

36 S. D. Goitein 1968, p. 314. For a detailed analysis of the contents of private property deeds in a slightly later period, see D. S. Richards 1972, vol. 15, pp. 106 ff.

37 S. D. Goitein 1969, pp. 89, 92; idem. 1967–1973, vol. 1, p. 386 (note 7b).

38 See sources cited in preceding footnote.

In conjunction with this long-established Egyptian tradition of private property ownership, the Fāṭimids likewise put into place a precise system prescribing division of inheritances. This "law of inheritance," promulgated in accordance with Ismāʿīlī doctrine, was incorporated into the *Kitāb al-Farā'id,* a section of the second volume of *Daʿā'im al-Islām,* the dynasty's official *corpus juris* promulgated by its chief legal scholar, al-Qāḍī al-Nuʿmān. In it, he defines the proportional hereditary shares due to the spouses, children, parents, grandparents, and other heirs in a broad variety of circumstances that might potentially confront the estate of a deceased individual.

So exacting, in fact, was this juridical system in apportioning inheritance shares, the Geniza documents reveal, that it was then not uncommon to find instances of marriage amongst cousins or other similarly close relatives specifically contracted to reunite properties that had been previously divided through the legal process of estate settlement.[39]

Another apparent byproduct of this unusually precise inheritance regime was the gradual evolution of a somewhat more diversified form of property investment in the "secondary real estate" market of Egypt, as it was not uncommon to find major investors, in addition to their principal residences, now buying shares in other homes that had been subdivided through the splitting up of estates.

In conjunction with this convoluted property ownership reconfiguration process, moreover, the circumstances for contesting legal rights of, or even disqualifying, an heir, are addressed in this unique Ismāʿīlī constitution developed for the Fāṭimids' rule of Egypt by the eminent jurist al-Nuʿmān.[40]

In sum, the business documents surviving from the Fāṭimid era provide tangible evidence that their governance was distinguished by one of the foremost and most integral elements of "commercial capitalism" – a legal system that respected and enforced individual rights to private property ownership as one of its prime tenets.

39 Al-Qāḍī al-Nuʿmān 1951/1960, vol. 2, pp. 363–398, passim; al-Maqrīzī n.d., vol. 1, p. 111; A. Fyzee 1957, vol. 9, pp. 61 ff.

40 See sources cited in the preceding endnote.

(2) The Pursuit of Private Profit

Egypt, said al-Muqaddasī, is a "land of commerce." Al-Masᶜūdī, when he visited the country in 332/944, similarly asserted of it: [41]

> All the kingdoms located on the two seas (Mediterranean and Red) that border the country bring to this commercial center the most remarkable, rarest, and best of perfumes, drugs, jewels, and slaves, as well as foodstuffs and drinks and cloths of various kinds. The merchandise of the entire universe flows to this market.

Preceding sections confirm al-Masᶜūdī's insightful observation that contemporary Egypt's markets were highly diversified, and that its entrepreneurs were engaged in a wide range of commercial undertakings. That their primary motivation was pursuit of profit likewise is made evident by indications presented in the sources of their ongoing efforts to acquire new capital and then productively engage it in lucrative mercantile ventures and other worthwhile private investments.

Indeed, a prime reason that these medieval Egyptian merchants benefitted from a favorable entrepreneurial milieu was that, with the rigorous tax structure that they had put into place, the nation's Fāṭimid rulers had a direct vested financial interest in promoting private sector profits. For such ample returns were needed to perpetuate prosperous trade and attendant productive yields of tax revenues from commerce – such revenue returns being critical for financing the pursuit of the regime's imperial policies.

Indeed, to promote the commercial interests of the nation's private sector, the Ismāᶜīlī jurist al-Nuᶜmān, who, as noted, served as the dynasty's principal legal advisor, was commissioned to find new ways to rationalize the pursuit of profits in a manner compatible with the longstanding Islamic ban on usurious transactions.

His ingenious solutions to questions of interest have, in fact, been preserved in his enlightened doctrinal treatise: *Kitāb al-Iqtiṣār.* Building upon Islamic juridical precedents, he perpetuates the argument that it would be illegal to make loans in gold *dīnārs* and then have them again repaid in a higher value of gold currency. Alternately, were a loan of a mixture of gold *dīnārs* and silver *dirhams* to be repaid in a higher value

41 Al-Muqaddasī 1906, p. 203; al-Masᶜūdī (*Murūj al-Dhahab,* pp. 339 ff.), quoted in G. Wiet 1948, p. 7.

of silver *dirhams* only, this transaction would be valid from a legal standpoint.

The same precept applied, he continues, for any combinations of clothing, foodstuffs, dates, grains, or other such commodities, irrespective of the value differential between the loan and its reimbursement – as the legitimising aspect was that the loan must be repaid in a different commodity or currency, or a different admixture of them, than was previously lent.[42]

Evidence testifying to the market-based success of this juridical rationalization is compelling – suggesting that much of the economic diversification and prosperity that accompanied the first century of the Fāṭimids' rule of Egypt was due, in no small part, to the tremendous financial buoyancy of the commercial and industrial profit centers that credit and investment made possible.

S.D. Goitein, in his detailed study of business records contained in the Geniza documents, asserts:[43]

> Two principles of sound finance are evident: *first,* one should never let one's money idle but continually invest it in profitable undertakings; and *secondly,* one should spread the risk and participate in a great many ventures of limited scope.

That these precepts were actively at work within the medieval Egyptian marketplace is likewise attested in testimony contained in working correspondence of contemporary Cairene business people as preserved for posterity by the Geniza documents. For instance, in a brief letter stressing the importance of keeping capital productively employed, a merchant in Tyre exhorts his business partner in Cairo:[44]

> Do not leave idle a single *dirham* of our partnership, but buy whatever God inspires you, and then dispatch it on the next ship out.

As subsequent sections will show, much productive business was now transacted through such partnerships – which consisted of both investing and working partners seeking individual capital gains – with ex-

42 Al-Qāḍī al-Nu^cmān 1957, pp. 84 ff.; idem. 1951/1960, vol. 2, pp. 37–40.

43 S.D. Goitein 1967–1973, p. 264.

44 Geniza document from Taylor-Schecter Collection, University Library, Cambridge, England, no. "8 J 41, f. 2v., 1.4, Nahray 191;" Geniza document from Dropsie College, Philadelphia,, no. "389, 1.27," as related in S.D. Goitein 1967–1973, vol. 1, pp. 200, 450.

plicit formulae for agency responsibilities and divisions of profit written into most merchandising agreements contracted at this time.[45]

In similar mercantile correspondence, "mentor" entrepreneurs counsel junior colleagues in such sagacious business precepts as: "profits are made through clever buying;"[46] and: "don't buy when you are in a hurry!" [47] The need for a rapid turnover of goods to ensure ample profits is underscored by the advice: "sell when there is still dust on your feet," an apparently common maxim echoed in numerous business letters.[48]

Both the actual and intended profit levels are suggested in the Geniza documents. One merchant in Cairo laments that he had missed an opportunity to sell mercury whose *wholesale* value was 19 *dīnārs* at *retail* for 25 *dīnārs*, a transaction that would have netted him a profit of over 30%. "Had I any luck at all," he asserts, "I would have made a profit of 6 *dīnārs*."[49]

Other entrepreneurs were more successful. The sale of pearls by a wholesaler to the merchant house of Ibn ᶜAwqal reportedly resulted in a 125% profit to the seller.[50] Another account indicates that the sale of a bale of purple cloth dispatched from Cairo to Tunisia circa 493/1100 realized a profit of about 23%.[51] Yet another reveals that a business partnership between two brothers and a prominent dignitary of Cairo

45 On such contractual partnership arrangements, see al-Sarakhsī 1986, vol. 11, pp. 155 ff.

46 Geniza document from the "David Kauffman Collection," Hungarian Academy of Sciences, no. "XXXVIII, I, 209," as related in S.D. Goitein 1967–1973, vol. 1, pp. 200, 450.

47 Geniza document from Taylor-Schecter Collection, University Library, Cambridge, England, no. "20.180, 1.29," as related in S.D. Goitein 1967–1973, vol. 1, pp. 200, 450.

48 See Geniza documents from Taylor-Schecter Collection, University Library, Cambridge, England, nos. "20.69, 11.10–11" and "16.244, 1.21;" and Geniza document from Bodleian Library Collection, Oxford, England, "MS.Heb., d. 66," (Cat. 2878), as related in S.D. Goitein 1967–1973, vol. 1, pp. 201, 450.

49 Geniza documents from Taylor-Schecter Collection, University Library, Cambridge, England, nos. 24, 54, and 64–65, as related in S.D. Goitein 1967–1973, vol. 1, pp. 202, 450.

50 Geniza document from "David Kauffman Collection," the Hungarian Academy of Sciences, no. "13, 11.20 ff.," as related in S.D. Goitein 1967–1973, vol. 1, pp. 202, 450.

51 Geniza document contained in R. Gottheil and W. Worrell 1927, p. 126 (no. "1.31"), as related in S.D. Goitein 1967–1973, vol. 1, pp. 202, 450.

produced a commodity turnover valued in aggregate at 4,000 *dīnārs* within a fifteen months, with each transaction resulting in a profit.[52]

An official court record dating to 557/1162 cites a regional silk merchant who provided 55 *dīnārs* (36.7%) of a 150 *dīnār* total investment and stood to gain one-third of all profits derived from the sale of the acquired merchandise within the Egyptian countryside.[53] Hence, profitability within this period appears to have been lucrative.

"Buying on margin" also appears to have been a popular practice. Al-Maqrīzī relates, for instance, that it was then quite common for merchants to speculate in the "grain futures" market – purchasing crops at risk before the harvest hoping to enhance their profits levels.[54]

A keen emphasis on profit motive is also evident in much of the contemporary "economics-specific" doctrinal literature. Al-Sarakhsī, al-Dimashqī, al-Ghazālī, and others whose contributions to forming the theoretical underpinnings of the medieval Islamic commercial dynamic were the focus of Chapter 3.2, wrote during the Fāṭimid era – producing illuminating economic works that underscore the importance of "profit motive" in driving the mercantile undertakings of the period.

In them, for instance, model illustrations of hypothetical "investment-to profit" (= "return on investment" (ROI)) ratios are presented to provide explicit examples of sanctioned distributions of returns on the proceeds of business ventures. For then, as now, these juridical sources make clear, attainment of profit (*taḥṣīl al-ribḥ*) was both the prime objective of corporate association and the financial "bottom line" by which the success of any business venture was to be judged.[55] In this assessment, they echo the earlier contention of al-Shāfiᶜī (d. 204/820) that the prime goal of any commercial partnership should be "capital augmentation" (*namā' al-māl*).[56]

Medieval Egyptian merchants likewise enjoyed access to a diverse selection of technical manuals expounding a wide variety of free market economic theories that today are considered "modern." In his seminal 5th/11th century work, *Al-Ishārah ilā Maḥāsin al-Tijārah,* for instance,

52 Geniza documents from the Taylor-Schecter Collection, University Library, Cambridge, England, no. "28.17," as related in S.D. Goitein 1967–1973, vol. 1, pp. 174, 203, 442, 450.

53 A. Udovitch 1962, pp. 108–207; D. Abulafia 1987, vol. 2, p. 428.

54 Al-Maqrīzī 1957, p. 21.

55 On the common use of such "profit-driven" business discriminators, see A. Udovitch 1970c, pp. 252, 256–257, 291.

56 Al-Shāfiᶜī 1903–1907, vol. 3, p. 206.

Abū al-Faḍl al-Dimashqī, a master theoretician of medieval Islamic *laissez faire* precepts, focuses a primary theme of his treatise on optimal means of achieving a fair profit on trade transacted within the competitive free market.

In it, he makes a clear distinction between what he calls the "normal wholesale price" (*al-siʿr al-ʿādī*) of a commodity (e.g., its "cost of production"), and its "market price" (*siʿr al-sūq),* which he defines as a direct function of "supply and demand." The market price will rise whenever demand is high and supply is low, he asserts; whereas it will conversely decrease whenever demand is low and supply is substantial.[57]

Profit, which he describes as the "cornerstone of commerce," thereby logically results from buying goods at the lowest discountable wholesale price and selling them at the optimally high market retail price. Commercially gaining through such means, he contends, is the ultimate objective of a merchant; and such profit is only maximized when goods are bought in periods of abundant supply and sold when there is scarcity, and therefore, in high demand. [58] His advice to the calculating "traveling merchant" (*al-rakkāḍ*), therefore, is to:[59]

> carry with him a price list of all of the wares of a locality to whence he will eventually return. . . . Then, when he wishes to buy a given commodity, he establishes by this record the separate price differentials of the good in two different places; takes into account the supply that he will need until he returns; adds to the list the various taxes in the country; and calculates his profit.

To guide merchants in capitalizing upon such emerging "windows of business opportunity" within the competitive marketplace, al-Dimashqī dedicates an entire chapter of his economic masterpiece –*Faṣl fī Ḥifẓ al-Māl* – to optimal techniques for accumulating capital through such juridically sanctioned profit-generation methods.[60]

Al-Sarakhsī also devotes substantial discourse in his voluminous *Kitāb al-Mabsūṭ* to conducive means for achieving the investor's primary goal, which again is defined as "profit-taking."[61] In order to maxi-

57 Al-Dimashqī 1977, pp. 10–11, 46, 58.
58 Al-Dimashqī 1977, pp. 43–44, 46 ff.
59 Al-Dimashqī 1977, p. 49.
60 Al-Dimashqī 1977, pp. 54 ff.
61 Al-Sarakhsī 1986, vol. 22, p. 38.

mize market motivation, he contends, profit must be equitably shared. Thus:[62]

> It is not permissable that one partner receive more profit than does the other for a comparable share of liability.

He then proceeds to delineate explicit formulae for calculating hypothetical individual contributions to prospective business partnerships – and for equitable divisions of profits predicated upon those calculations.

In short, both doctrinally and pragmatically, the marketplaces of medieval Egypt were permeated by a pervasive milieu of buoyant free market capitalism. Indeed, their lifeblood was the profit quest of business people seeking personal gain through productive economic endeavors.

It was the zeal of individual entrepreneurs' productive efforts, and the synergistic interactions of their collective efforts, in fact, that would produce the vibrant commercial dynamic that characterized Fāṭimid Egypt's burgeoning medieval economy and make the first century of its dynastic reign a financial 'Golden Age' for the country's enterprising bourgeoisie.[63]

(3) The Quest for Quality Capital

Capital abundance, as demonstrated in preceding analysis, was an overarching stimulus impelling the Fāṭimid dynasts' macroeconomy – in a rule concurrently distinguished by its price sensitive monetary policy. For the aspired economic cornerstone of their expanding empire was foreign maritime trade – and in its pursuit, sustaining their commercial outreach required underwriting it with a currency of unchallenged quality – while concurrently enabling them to secure the values of their capital gains through ensuring monetary stability.

Indeed, all evidence suggests that, with the exception of a short period midway through the reign of the caliph al-Ḥākim bi-Amr Allāh (d. 411/1021), for the first 150 years of their reign, they did, in fact, succeed

62 Al-Sarakhsī 1986, vol. 11, p. 154; see also al-Shaybānī n.d., fol. 37B; al-Kāsānī 1910, vol. 5, p. 77.

63 See E. A. Ashtor 1976, p. 197.

in establishing a level of quality for their gold-based currency consistent with the highest monetary standards of the Middle Ages.[64]

For though, technically, Egypt enjoyed a bimetallic – gold and silver – monetary system, high quality gold *dīnārs* were the prevailing currency throughout the Fāṭimid realm. The indigenous minting of silver *dirhams* does not appear to have commenced until the reign of the caliph al-Ḥākim, although *dirhams* imported from the ᶜAbbāsid East as well as the Muslim West continued in circulation.

The principal utility of the silver *dirhams*, as well as fractional *dīnārs*, during the first century of the Fāṭimids' governance, seems to have been limited – perhaps pimarily constrained to that of "making change" in transactions involving larger gold denominations. This relatively minor role initially enjoyed by the silver coinage may, in fact, explain why the great fluctuations that occurred in the official exchange rates between the *dīnār* and the *dirham* in the first century of Fāṭimid Egyptian rule did not materially contribute to undermining the monetary stability of the state.[65]

Later, however, as rapidly deteriorating trade balances, the costs of defending Egypt against the Crusades, and the loss of lucrative gold-producing provinces in West Africa depleted the Fāṭimids' gold supply, silver *dirhams* would come to gain increasingly greater prominence in currency transactions. Indeed, so pronounced would this shift to silver become in the twilight of the dynasty's 202 year reign that by the time of its demise in 567/1171, gold had become a rarity in Egypt.[66]

For most of their highly effective first century of rule, however, the Fāṭimids concerned themselves with a monetary policy founded upon a gold standard. Indeed, they were compelled to adopt such a prudent policy even before the consolidation of their Egyptian conquest was complete.

For upon the very onset of their Nilocentric rule, they were confronted with a monetary crisis that they inherited from the country's previous rulers, the Ikhshīdids – as the prevailing ᶜAbbāsid gold currency, the 'al-Rāḍī *dīnār*,' which was prominent in the Egyptian market-

64 Al-Maqrīzī 1967, pp. 27 ff.; idem. 1957, p. 64; E. A. Ashtor 1969, pp. 19 ff.; ᶜA. M. Mājid 1967, pp. 128–129; 301–302; W. Oddy 1980, p. 103.

65 Al-Maqrīzī 1967, pp. 27 ff.; idem. 1957, p. 64; P. Balog 1961, pp. 114 ff., and pp. 122–123 in particular; R. al-Barrāwī 1948, pp. 304–305; R.S. Lopez et al. 1970, p. 124.

66 Sources cited in preceding note.

place during the final years of that regime, appears to have degenerated to the degree that its perceptibly low quality was causing consternation amongst local consumers.

Accordingly, one of "the terms of surrender" explicitly requested by the notables of al-Fusṭāṭ was a currency reform designed to raise the Egyptian monetary issues to the high standards for which Fāṭimid coinage had been known during their rule of Maghribī North Africa.[67]

Consistent with this mandate, then, according to al-Maqrīzī, the Fāṭimids lost no time in implementing a sweeping four-part package of financial reform in Egypt whose principal components consisted of:[68]

– issuing a new gold *dīnār*, the '*al-muᶜizzīyah*,' named after the first Fāṭimid caliph to rule Egypt, al-Muᶜizz;
– fixing the exchange rate of this new currency at one *dīnār* to 15.5 silver *dirhams*;
– debasing the fixed value of the prevailing "*al-Rāḍī dīnār*," reducing its exchange value from 23.5 to 15.0 *dirhams*; and
– refusing to accept payment of Egypt's land property tax, the '*kharāj*,' in any currency except the newly constituted '*al-muᶜizzīyah*' *dīnār*.

From a fiscal standpoint, this currency realignment made excellent economic sense. Essentially, it provided that, commencing in Muḥarram 363/October 973, the *kharāj* land tax was to be collected only in the '*al-muᶜizzīyah*' *dīnār*, the exchange value of which was set at 15.5 *dirhams*. Simultaneously, as noted, the other major *dīnār* then prevalent within the Egyptian marketplace, the ᶜAbbāsid "*al-Rāḍī*" gold issue, was devalued by more than one-third.

Though this action doubtless caused significant financial loss to the people by diminishing the values of their savings, from the standpoint of the liquid revenues flowing into Egypt's treasury, it constituted extremely sound monetary policy by augmenting the actual yields to be generated by fixed tax levies.[69]

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67 Al-Maqrīzī 1948, vol. 2, p. 104; idem. 1967, pp. 26–27 and pp. 79–80 of the accompanying analysis; R. al-Barrāwī 1948, pp. 302–303; E. A. Ashtor 1969, p. 119.

68 Al-Maqrīzī 1967, pp. 26–27; Ibn Muyassar 1919, p. 45; Ibn Ḥammād 1927, p. 42; A. S. Ehrenkreutz 1963, pp. 257–258.

69 Al-Maqrīzī 1967, pp. 26–27; idem. 1948, vol. 1, pp. 122, 146; idem. n.d., vol. 2, pp. 5–6; Ibn Muyassar 1919, p. 42; W. Fischel 1968, p. 55.

It also appears that they prevailed. Indeed, in a single day, the *kharāj* income from al-Fusṭāṭ alone reportedly ranged from 50,000 *dīnārs* to 120,000 *dīnārs*; and from Tinnīs, Damietta, and Ushmūnayn, equally "unheard of sums" according to both al-Maqrīzī and Ibn Muyassar.[70]

The Fāṭimids thus were highly successful in introducing their new superb quality currency into the Egyptian marketplace, making good their commitment made to the country's citizens in the "Treaty of al-Fusṭāṭ" to strike a local currency at parity with the standards of their previous renowned currency issues in Maghribī North Africa. Indeed, al-Maqrīzī testifies that the mints of Egypt now labored prodigiously in their efforts to saturate both domestic and proximate regional markets with this new '*al-muᶜizzīyah*' *dīnār*.[71]

Numismatic analysis likewise suggests that they succeeded – that the new Fāṭimid issues were of uniformly superior quality – achieving a premier 98% fineness standard that was generally maintained throughout the first century of the dynasty's rule of the "Land of the Nile." As studies by such renowned numismatists as A.S. Ehrenkreutz and William Oddy, though employing technically different analytic methods, have produced similar results attesting to the quality of the Fāṭimid *dīnār*. Ehrenkreutz asserts, for instance, that:[72]

> "The reality that they succeeded in maintaining such a remarkable stability of the gold coins must be attributed to their efficient minting organization. The fixed weight standard and a superb degree of currency fineness of 98% and above that characterized Fāṭimid *dīnārs* continued to the invasion of the Crusades."

From a review of source evidence, it is clear that this excellent quality that came to distinguish Fāṭimid currency was directly attributable to a combination of factors. First, for nearly a century of their rule of Egypt, they enjoyed unimpeded access to exceptionally fine gold from central Africa.[73]

A second factor was the extreme care that characterized the operations of the Fāṭimid mints. For to ensure currency integrity, mint supervision early on was made a religious function under the country's

70 Al-Maqrīzī 1948, vol. 1, pp. 146–147; Ibn Muyassar 1919, pp. 145–146.

71 Al-Maqrīzī 1967, p. 26; ᶜA. Faḥmī 1964, p. 62.

72 A.S. Ehrenkreutz 1963, pp. 258–262 (p. 262 cited); idem. 1966, pp. 174–177; W. Oddy 1980, passim; S.D. Goitein 1967–1973, vol. 1, pp. 237, 359 (note 3); J. Bacharach 1983, pp. 162–163.

73 See R. Messier 1974, passim; J. Bacharach 1983, p. 161; M. Lombard 1975, p. 60; S.D. Goitein 1967–1973, vol. 1, p. 245.

chief justice (*qāḍī al-quḍāt*).[74] Money-changers were simultaneously instructed to remove the very lowest grade coinage from circulation.[75]

Glass weights were manufactured with great precision to ensure coin uniformity. To further ensure that the weights were accepted as valid in the marketplace, their manufacture took place in the "bureau of standards" (*dār al-^{c}iyār*) under the watchful eyes of official market supervisors (*muḥtasibūn*).[76] As a result of this exacting oversight, al-Muqaddasī testifies, Fāṭimid coins in the 4th/10th century were of such uniform standard that, throughout the realm, they were accepted by count, without weighing.[77]

The Fāṭimids devoted equal care to *qualitative* aspects of currency production. A numismatic operational manual written early in the 7th/13th century describes in detail the painstaking methodologies of gold purification operations that had been employed at the Egyptian mints circa 514/1120.[78]

Indicative of their extreme effectiveness, Ehrenkreutz has demonstrated that so precise were these techniques that mint specialists, using touchstones, were able to distinguish between those made of nearly pure gold and those that contained impurities or alloys, allowing for only exceedingly small margins of tolerance.[79] This minting precision, and the quality coinage that it produced, doubtless were among the foremost factors that sustained the vigor of the Fāṭimid economy in the dynasty's first century of rule of the Nile basin.

For Egypt's medieval markets were traditionally price-sensitive. Manipulation of the exchange rate between the *dīnār* and *dirham* that took place during the minor economic crises occurring in the reigns of the caliphs al-Mu^{c}izz and al-Ḥākim clearly demonstrate, in fact, that Egypt's Fāṭimid rulers were aware of this market sensitivity as well as the reality that it could be exploited through selective monetary policies to modulate economic stability.[80]

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74 Al-Maqrīzī n.d., vol. 1, pp. 406–407; ^{c}A. M. Mājid 1967, p. 126.

75 Ibn Muyassar 1919, p. 49; ^{c}A. M. Mājid 1967, p. 129.

76 See M. Bates 1981, pp. 63 ff., and p. 67 in particular; P. Balog 1979, pp. 96 ff.

77 Al-Muqaddasī 1906, p. 240.

78 See Ibn Ba^{c}rah 1966, passim.

79 A. S. Ehrenkreutz 1953, pp. 433–434; idem. 1959, pp. 128, 135 ff.; W. Oddy 1980, p. 101.

80 Cf. al-Maqrīzī 1967, pp. 26–28; idem. 1957, pp. 64–65.

Contemporary Egypt’s citizenry appear to have been attuned to the operation of natural market forces as well. Indeed, Egypt’s microeconomy in the Middle Ages is a classic study in the typical workings of supply and demand within a free market system.

For its responses to surges in each were a direct function of the unique nature of Egypt’s topography as well as the extremely critical role that Nile flooding played in its agricultural production. Indeed, the river’s annual innundation was Egypt’s economic lifeblood – producing both water for its irrigation and alluvial soil to renourish its agricultural lands. It likewise was a capricious benefactor, however, in that either an inordinately high or low water level could produce catastrophic economic results.[81]

Traditionally, a water depth approaching sixteen “cubits” (*dhirā*ᶜ) was deemed the threshold for a successful agricultural season. The merchants and urban citizens of medieval Egypt would thus closely monitor the rise of the Nile until it reached this level in order to determine what compensatory actions might be required to secure their economic well-being.

For if a low Nile were to become apparent, thereby foreshadowing potential shortfalls in agricultural production, consumers would hoard foodstuffs and merchants would raise their prices accordingly. On these occasions, as product prices would grow more exorbitant and commodities more scarce, the government would concomitantly be required to implement stringent measures to forestall famine. Such measures usually included banning of the traditional daily announcement of the Nile level in the streets of Cairo, imposing price controls upon key staples such as bread, and rationing the allocated distributions of foodstuffs to prevent hoarding.[82]

This responsiveness of price level to supply fluctuations in medieval Egypt’s major urban centers likewise lent further cogency to the central government’s vital need to maintain a respected currency of non-fluctuating quality as a counterbalance to prevent possible market panic and preserve domestic tranquility in times of severe economic downturn.

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81 Al-Maqrīzī n.d., vol. 1, p. 64; al-Suyūṭī 1882, vol. 2, pp. 238 ff.; al-Qalqashandī n.d., vol. 3, pp. 293–296.

82 Al-Maqrīzī n.d., vol. 1, pp. 55 ff., 61, 64, 67–68, 269–273; idem. 1948, vol. 1, pp. 138–139; idem. 1957, pp. 18 ff.; al-Suyūṭī 1882, vol. 2, pp. 238 ff.; al-Qalqashandī n.d., vol. 3, pp. 293–296. Yet as E. A. Ashtor’s studies (cf. 1959, pp. 262 ff.) have shown, prices and wages remained remarkably stable throughout most of this era.

The Fāṭimids' diligence and success in their quest to produce an unquestioned currency standard therefore showed economic prudence both for trade and internal stability reasons, and its pursuit became a trademark of their rule. This monetary quality, it appears, also was widely recognized throughout the contemporary regional markets of the Near East – as Fāṭimid gold *dīnārs* soon came to be the prime quality standard (*jawāz*) by which other currencies were judged.[83]

Accordingly, the Fāṭimids were able to capitalize upon the market strength of their prestigious currency to expand their external trade on the Mediterranean and Red Seas. Their gold *dīnārs* were of such acknowledged fineness, and received such universal acceptance in proximate markets, in fact, that the Crusaders would later deliberately counterfeit them to facilitate their own economic integration into the marketplaces of the Levant early in the 6th/12th century.[84]

The Fāṭimids, in turn, took the threat that this counterfeiting posed to their monetary operations so seriously that in 514/1120, a special investigation was undertaken to determine the optimal means to prevent such counterfeiting and preserve quality production at the mints – resulting in an official report that has been preserved. Its objectives were to redesign currency production operations to "fix the standard of gold at a level that could never be surpassed."

Unfortunately for the economic well-being of the Fāṭimid empire, however, this latter period likewise coincided with the onset of increasingly acute gold shortages within Egypt and the gradual replacement of gold *dīnārs* with silver *dirhams* as the standard currency. It also corresponded, likely not coincidentally, with an era of increasing downturn in the economic and political fortunes of the Fāṭimid dynasty.[85]

But the fact that a decline in popular confidence in the dynasty's monetary system was followed by an attendant gradual winding down of its rule of the Nile basin should come as no surprise. For the Fāṭimids had risen to power, in no small part, because Egypt's citizens, who had suffered grievously under Ikhshīdid rule, correctly realized that direct access to a premier currency of unquestioned quality was key in conducting their currency transactions. This factor was, as noted, a prime

83 S. D. Goitein 1967–1973, vol. 1, p. 234; idem. 1968, p. 323.

84 A. S. Ehrenkreutz 1964, pp. 167 ff.; P. Balog and J. Yvon 1958, pp. 135 ff.; H. Lavoix 1877, passim.

85 Ibn Baᶜrah 1966, pp. 49–50; A. S. Ehrenkreutz 1964, pp. 178–179; idem. 1954, pp. 164 ff.

consideration in their invitation to the Fāṭimids to assume the governance of their country.

In equal measure, popular perceptions of a dramatic qualitative decline in their prevailing currency at the time of the Crusades likewise cannot have failed to have precipitated a corresponding erosion of public confidence in the regime, likely also contributing to its ultimate demise.

For all of the incipient characteristics of "commercial capitalism" evident in the medieval Egyptian economy, the clear manifestations of an market sensitive monetary system were perhaps its most predominant. Indeed, it may be said that it was a monetary crisis that accelerated the Fāṭimids' initial political ascendancy; and that it was a monetary crisis that later hastened their economic decline.[86]

In his cogent analysis of the monetary situation obtaining in Egypt at the time of their political demise, al-Maqrīzī makes clear, in fact, that the country's citizens now perceived the gravity of the crisis that they confronted. Lamenting the base quality of currency then prevailing in the marketplace, he concurrently confirms in explicit terms an early understanding of the functioning of "Gresham's Law" more than a half millennium before Gresham – asserting that they hoarded the older, better coins while disposing of the more recent inferior issues.[87]

In sum, then, both the rulers and the populace of Egypt in the Fāṭimid era were keenly aware of the complex interrelationships that existed between marketplace "supply and demand," and the impacts of their interaction upon consumer prices. They likewise comprehended both the precepts and the applications of implementing countervailing monetary policies today considered "modern."

Finally, they knew the overarching importance of conducting their business in a premier stable currency in order to preserve the values of their earnings and their savings – and fully fathomed the collective importance of all of these financial factors in their ongoing quest for economic prosperity.

86 R. al-Barrāwī 1948, pp. 303 ff.; A. S. Ehrenkreutz 1964, pp. 178–179; idem. 1954, p. 164.

87 Al-Maqrīzī 1967, pp. 28–29.

B. Effective Corporate Mechanisms for Investing Private Capital

A capacity to rapidly mobilize and commit investment capital to productive enterprise was likewise a quintessential factor in the dynamic economic expansion that characterized the first century of Fāṭimid rule of Egypt. For then, as now, the challenge of engaging in profitable trade was a somewhat complex affair involving a significant variety of commercial transactions and monetary support facilities.

One of the most important business facilities enjoyed by contemporary merchants was corporate financial infrastructures that made credit readily available for underwriting trade transactions. “Forward sale on credit” was a standard practice – with many “loans” little more than deferred payments on commodity deals.[88]Indeed, with commerce at the cutting edge of Fāṭimid imperial expansion, it may be said that the dynasty’s“dream of empire” hinged, in no small part, directly upon the effectiveness of its financial institutions. For the evolution of credit institutions represented a major advance in medieval trade both throughout the Near East and elsewhere.

As credit, then as now, was critical for effective economic development – making possible that commercial expansion that, economic history has demonstrated, inevitably precedes industrialization and other forms of business diversification. By employing credit, a merchant could expand the scope of his business operations, and through exploiting price differentials between one place and another, readily transform a relatively small initial investment into a sizable capital gain.

He could then, in turn, commit all or part of his newly won financial assets to promoting additional industrial projects or furthering market development – or alternately, to extending credit to others, creating ancillary business opportunities through “mercantile banking.”[89]

Speaking of the criticality of such credit facilities in a somewhat later period in Western Europe, the great early modern British economic historian M.M. Postan asserts a classic theory of financial development in arguing that the evolution of business credit was a watershed in the development of modern commerce:[90]

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88 On such practices, see S.D. Goitein 1968, p. 262.

89 On this, see M. M. Postan 1927–1928, p. 234. On these developments, also, see B. Hildebrand 1864, passim, for an early treatment of the role of credit.

90 See M. M. Postan 1927–1928, p. 234.

> From the point of view of methods of exchange, there were three main stages of economic development: the prehistoric and early medieval stage of natural economy when goods were exchanged for other goods; the later medieval stage of cash ("money") economy, when goods were bought for ready money; and the modern stage of "credit" economy wherein commercial exchange is based on credit.

Preceding analysis has demonstrated that business credit had already become a major impetus for investment and industrial development in the Near East in the Middle Ages. Indeed, midway through the 5th/11th century, it had come to constitute a nearly indispensable element in Islamic trade.

Over the next two centuries, its precepts further extended into Europe, allowing the regional economies of the Mediterranean to be incorporated into a growing, increasingly interdependent mercantile network that has continued to evolve through modern times. The reality of this commercial metamorphosis, in fact, is repeatedly emphasized within the scholarship of Postan in detailing the evolution of business financial instruments in the Christian West.[91]

Yet a millennium before Postan, the 5th/11th century Ḥanafī jurist al-Sarakhsī, writing in the Islamic East, similarly viewed the rise and development of commercial credit as key to the expansion of Muslim business horizons. To wit:[92]

> We hold that selling for credit is part of the practice of merchants; and that it is the most conducive means for achievement of the investor's objective, which is profit. In most cases, profit can only be achieved by selling for credit and not for cash.
> Proof that selling for credit is an indispensable feature of trade is found in the statement of Allāh: "unless it be local trade that you are conducting among yourselves." This distinction shows that trade can also be conducted "in the absentia" (*ghā'ibah*), and that this latter type of longer distant trade cannot come about except by selling on credit.

Thus, commercial credit came to fulfil many critical functions within medieval Egyptian business society. It enabled contemporary merchants to engage in distant trade – and to extend it into areas where the existing monetary supplies might be inadequate – or into places wherein regional insecurity might make carrying cash hazardous. It allowed

91 See M. M. Postan 1927–1928, p. 234; see also A. Udovitch 1967, p. 260.
92 Al-Sarakhsī 1986, vol. 22, p. 38.

for commerce to take place with individuals whose immediate financial liquidities were inadequate to allow for "cash transactions."

It likewise provided a financial outlet for profitably investing the surplus capital of wealthy individuals not directly engaged in active trade. Most importantly, it afforded the most lucrative means to optimize profit since, as al-Sarakhsī explains with painstaking clarity: "a good can be sold on credit for a greater sum than it can be sold for cash."[93]

To capitalize fully on the commercial advantages that such credit afforded, then, merchants of Fāṭimid Egypt turned to the various forms of partnership and other business association prescribed by Islamic law. Entering into partnership and "*qirāḍ/muḍārabah*" agreements of the types described in Appendix E, they sought to pool their human skills and financial resources with those of others seeking to augment their profits, thereby expanding their business activities while spreading the capital risks of their mutual undertakings.[94]

At the same time, their activities in such economic endeavors remained consonant with the precepts of Islamic law. For their doctrinal literature had made clear that the use of credit was both a prime facility and a proper use of *corporate* association – while concurrently communicating to *individuals* the consummate advantages of merging capital and talents in collective activities to achieve mutually profitable objectives, as al-Shaybānī asserts:[95]

> They become partners in all dimensions, acquisitions, and skills in an investment partnership. They may sell for cash or credit and they may buy for cash or credit.

Hence, an extremely broad range of business financial transactions is authorized by this sanction.

Al-Sarakhsī advances a similar argument for pooled capital, contending that the *muḍārabah* contract was explicitly sanctioned by Islamic law not only because of its utility but also because of a compelling market demand for it. To wit: [96]

> People have a need for this contract. An owner of capital may not find it possible to engage in profitable trading; whereas those who actually can en-

93 Al-Sarakhsī 1986, vol. 22, p. 45; A. Udovitch 1967, p. 260.
94 See R. al-Barrāwī 1948, pp. 263–265; C. Cahen 1970, vol. 2, p. 525.
95 Al-Shaybānī n.d., fol. 61B.
96 Al-Sarakhsī 1986, vol. 22, p. 19.

> gage in the productive trading activity might not possess the capital. But profit cannot be obtained except through both capital and trade. By sanctioning this contract, the goals of both parties are met.

The various forms of Islamic commercial association that arose to accommodate contemporary market demands thus came to serve a number of highly utilitarian economic purposes in medieval Egypt. They readily made possible the performance of complex business functions beyond the capabilities of single individuals.

They allowed those possessing skills yet lacking ample capital to join with those seeking profitable investments for surplus capital. They simultaneously provided new mechanisms for multiple investors to pool their capital risk in more diversified investment portfolios. They therefore created new productivities through generating "economies of scale" in commercial and industrial undertakings.

They likewise facilitated corporate market expansion, permitting non-investing partners to act as agents on behalf of major commercial investors in efforts to extend trade into more distant areas. Beyond these evident tangible advantages of engaging in joint ventures, however, the prime intangible reason for entering the varying forms of investment agreement sanctioned in Fāṭimid times was sheer pursuit of profit, as al-Sarakhsī makes clear:[97]

> If one person entrusts capital to another in a *muḍārabah* contract, the agent may freely use it for the purchase of any commodities that he sees fit, because he represents the investor in trade. For an investor's aim in turning over the capital to him is the achievement of profit, and profit comes via trade.

Accordingly, just as theoretical justification of profit motive as the primary basis for medieval commercial association was indelibly affirmed in the treatises of the early Muslim jurists, so also did it constitute an extremely powerful economic force in the contemporary marketplace – as the research of Udovitch, Goitein, and others into the Geniza documents demonstrates that these precise juridical prescriptions were adhered to closely by the captains of commerce and industry in Fāṭimid Egypt when structuring their corporate enterprises. Udovitch asserts:[98]

97 Al-Sarakhsī 1986, vol. 22, p. 38.
98 A. Udovitch 1970c, pp. 256, 291.

> Any lingering doubt concerning the close relationship of Ḥanafite commenda and partnership law to commercial practice of the medieval Islamic world is largely dispelled by clear evidence from the Geniza documents. In various Geniza materials of the eleventh and twelfth centuries bearing on partnerships that have so far been published, in fact, there is scarcely any legal aspect that has not been touched upon or anticipated in Ḥanafite legal discussions of the late eighth century. . . .
> For Ḥanafite commercial law, especially that portion of it dealing with commercial association, had a very close relationship to actual practice. . . . Indeed, one can assert that, with but minor qualification, these passages of early Islamic law were a reflection of the commercial practice of large areas of the medieval Islamic world.

Modern research further confirms, moreover, that, in form as well as in substance, the articles of corporate association that have been found in the Geniza materials of medieval Egypt very closely followed the legal formulae prescribed by the Muslim jurists. Key components common to such agreements, Goitein's studies demonstrate, generally included:[99]

- the corporate objectives of the enterprise;
- the number of its partners and nature and full extent of their participation;
- formulae for fixing division of profits and responsibility for financial loss;
- procedures governing expenditures, expenses, and the accounting practices to be employed;
- "conflict of interest" clauses addressing the permissiveness of participation in other ventures of a similar nature; and
- provisions defining the duration of the proposed venture and procedures for contract termination.

Actual business contracts from the Fāṭimid era conforming to these formats have, in fact, been preserved and remain readily accessible for analysis, affording insight into that portion of the microeconomy pertaining to the stores and the workshops of medieval Egypt. In them, one can find a wide range of highly effective corporate associations – with quite significant "elasticity of operation" with respect to agency responsibilities and divisions of profits often delineated in the implementing business agreements.

99 S. D. Goitein 1967–1973, vol. 1, pp. 171–172; idem. 1964a, p. 319.

Frequently, partners agreed to contribute both capital and work in equal shares, with the profits then to be divided accordingly. In others, however, the contributions were disproportionate, and the partners agreed to participate on a "subscribed" or "prescribed ratio" basis in their conduct of business operations.[100]

In one partnership agreement made circa 473/1080, for instance, a senior partner invested 500 *dīnārs* in a new banking operation, whereas a junior partner invested 58 *dīnārs*. But due to anticipated greater labor input to be rendered by the latter, the contract stipulated that he also share in 7/24th of all future profit and loss proceeds.[101]

In a similar, albeit more complex, agreement, a minority partner invested some 600 *dirhams* and became the purchasing agent in an apothecary venture. Another minority partner invested 20 *dirhams* and agreed to act as its primary retail vendor. Because it was anticipated that the latter's labor contribution would be significant, both parties agreed to share equally in profit and loss.[102]

In yet another partnership involving both the import and export of commodities between Egypt and the Levant, the primary investing partner contributed 360 *dīnārs* (74%) and the prime working partner 124 *dīnārs* (26%) of the enterprise's aggregate capitalization – yet again, the parties agreed to equally divide the proceeds.[103] In still another contract, the contribution of the working partner was to be primarily in kind; but he nonetheless agreed to cover the costs of his own operating expenses as his capital contribution.[104]

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100 See manuscript of the "Library of the Jewish Theological Seminary of America," no. 4011, fol. 57A, as reprinted in A. Udovitch 1970, p. 293; manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 8 J 11, f. 14," as related in S.D. Goitein 1967–1973, vol. 1, pp. 173, 442 (note 14).

101 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 12.784," as related in S.D. Goitein 1967–1973, vol. 1, pp. 173–175, 442 (note 22).

102 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 12.760," as related in S.D. Goitein 1967–1973, vol. 1, pp. 175, 442 (note 23).

103 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 16.87," as related in S.D. Goitein 1967–1973, vol. 1, pp. 176, 442 (note 26).

104 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 16.2308, 11.7–8;" and "Jewish Theological Seminary of America" no. "4010, f. 2," both as related in S.D. Goitein 1967–1973, vol. 1, pp. 177, 442 (note 38).

In a joint venture involving a sugar factory, two brothers who agreed to serve as "operating managers," contrived to take in new outside investors to raise 600 *dīnārs* needed for facilities expansion – with the implementing agreement stipulating that the brothers and the financiers were to share equally in the profits.[105]

In a small weaving operation, a partner invested 50 *dīnārs* and another 15 *dīnārs.* However, because the minority investor was also to act as the principal salesman for the partnership, both parties again agreed to share equally in both profit and loss – and should the working partner wish to terminate the relationship, the agreement stated, he was required to give the investing partner "two months notice" and forego his original 50-*dīnār* initial capital investment.[106]

In a unique "profit-sharing" arrangement aimed at attempting to accommodate a variety of religious injunctions, a working partnership between a Muslim and a Jew went so far as to provide that the Muslim would receive all profits earned on every Saturday, the Jewish Sabbath; whereas the Jew was to receive all of the profits made on every Friday, the Islamic day of worship. [107]

Hence, as these assorted documents suggest, the many, varied forms of corporate association employed in Fāṭimid Egypt were both flexible in structure and highly capable of accommodating a diverse multiplicity of commercial associations and interests.

Some of them also involved fairly substantial financial sums. In detailed analysis of 26 medieval Egyptian business partnerships undertaken by Goitein, for instance, the amounts invested ranged from 4 to 500 *dīnārs* and the longevities of the partnerships from six months to a lifetime. Prescribed functional objectives of the partnerships, in turn, included such widely diverse economic activities as sugar factories, glass manufacturing, tanning, cloth-dying, cloth-making, pharmaceuticals production, and bread-baking.[108]

In short, in their notable early experimentation with the precepts of *laissez faire* capitalism, the entrepreneurs and merchants of Fāṭimid

105 See manuscript in Bodleian Library, Oxford, no. "ms. Heb. a 3 (Cat. 2873), fol. 16," as related in S. D. Goitein 1967–1973, vol. 1, p. 367.

106 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 20.110," as related in S. D. Goitein 1967–1973, vol. 1, p. 363.

107 See Maimonides 1957–1961, vol. 2, p. 360 – as related in S. D. Goitein 1967–1973, vol. 1, p. 365.

108 S. D. Goitein 1967–1973, vol. 1, pp. 80 ff.

Egypt exploited the various forms of corporate association sanctioned by Islam to optimal economic advantage.

Indeed, the new credit and investment facilities that these associations afforded – supported by their attendant highly effective fiducial instruments described in the section that follows – enabled them to build an integrated commercial and industrial infrastructure in medieval Egypt that was unparalleled in the Mediterranean basin, contributing to levels of productive output and business prosperity that were the envies of the age.

C. The "Fiducial Tools" of Commercial Capitalism

Commercial corporate banking and other equally critical fiducial instruments of monetary exchange – the final determinants of capitalistic enterprise – also were extensively employed by the enterprising merchants of Fāṭimid Egypt. Indeed, the business people then engaged in trade enjoyed access to a full range of diversified ancillary banking credit, fiducial, and notary support services that are considered "modern."

There was in operation, for instance, a quite formal financial community of "merchant bankers" (*jahābidhah*) and money-changers (*ṣayārifah*) in the country's major urban centers. Their wide range of fiducial instruments, whose functional utility was addressed in Chapter 3.2-D, included conventional bank checks which had an assortment of names in medieval Arabic, including such terms as: *ṣakk, khaṭṭ,* and *tawqī ᶜ*.

Among interbank "money transfer" instruments then employed was a document called the *ḥawālah;* another known as the *suftajah,* which served the dual purpose of letter of credit and travelers check; and the *ruqᶜah,* a form of promissory note that seems to have transactionally functioned in much the way that the modern credit card (*sans* plastic) now operates.[109]

The range of financial services offered by medieval Egypt's banking sector thus was diversified. A "central monetary agency" (*dār al-ṣarf*) operated in the country's commercial capital, al-Fusṭāṭ, coordinating

109 On this, see the manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, nos. "TS J 19, f.27," "TS 20.121," and "TS (Arabic) 30, f.3," as related in S. D. Goitein 1967–1973, vol. 1, pp. 238–239; E. A. Ashtor 1986, pp. 560–561; A. Udovitch 1975, pp. 14–15.

and supervising the activities of the local money-changers and maintaining foreign currency services needed to underwrite most international commercial transactions. Such money-changers were present in every marketplace; and in the major trading cities such as Alexandria, there was a separate money-changers' quarter known as *sūq al-ṣarf.* [110]

In the local money-changing facilities, it is evident from the medieval Arabic sources and the Geniza documents, that currency was both bought and sold at a profit. These profits derived not only from currency speculation ("arbitrage" transactions), but likewise via fixed commissions on money exchanged. Within such facilities, money assayers" – (*naqqādūn*) – appointed by the municipal market authorities – also maintained offices to safeguard against counterfeiting and monetary fraud.[111]

There was, as noted, a more formal banking sector operating in these marketplaces as well. It did not, however, consist of institutions dedicated to conventional banking practices in a modern sense, but rather of so-called *jahābidhah* ("merchant bankers") – trade vendors who were concurrently in the business of financing and facilitating the commercial transactions of others. At certain times, to augment their capital stocks, these functionaries would likewise accept deposits and take in outside investors.

Hence, references to "banking partnerships" are similarly not at all uncommon in the Geniza documents. Though these banking enterprises were generally ancillary to the primary mercantile operations of the business enterprise, they nonetheless, in many cases, eventually grew to be quite sizable subsidiary banking functions.

One senior business partner, whose trade activities are reflected in the Geniza documents, for example, invested the impressive sum of 500 *dīnārs* in a new banking subsidiary, an amount suggestive of the relative sizes of some of these investment banking transactions.[112]

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110 See sources cited in the preceding footnote.

111 See S.D. Goitein 1967–1973, vol. 1, pp. 230–231; A. Udovitch 1975, pp. 14–15; see also manuscripts in the Bodleian Library, Oxford, no. "ms. Heb., c.28 (Cat. 2876), f. 47," as well as in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "NS J 198, col. 1, 1.3" and "col. II, 2.5" as related in S.D. Goitein 1967–1973, vol. 1, pp. 84, 250, 411, 262.

112 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 12.784," as related in S.D. Goitein 1967–1973, vol. 1, pp. 247–249, 262. See also S.D. Goitein 1966, pp. 30 ff.; A. Udovitch 1975, pp. 14 ff.; C. Cahen 1970, p. 533; W. Fischel 1933, passim.

The prominence of such mercantile bankers within the economic life of Fāṭimid Egypt is richly documented in the medieval Arabic sources. Al-Maqrīzī, for instance, devotes considerable focused analysis to the critical financial roles performed by the *jahābidhah* in the contemporary marketplace in general[113] – and to the diversified business operations of the international marketing and financial services firm of "Banū Sahl," in particular. Of the latter, he states:[114]

> In the reign of al-Ḥākim bi-Amr Allāh, there were two Jewish brothers, one of whom was engaged in commerce and the other in money-changing and the sales of goods that they had imported from Iraq. They were Abū Sa^c^d Ībrāhīm and Abū Nāṣir Hārūn, the sons of Sahl of Tustar. They were known for the roles that they played in sales transactions, and for their reporting to direct heirs of deposits received secretly by them from merchants, both near and far, upon their deaths.

In addition to such sales transactions, he adds, the Sahl brothers were engaged in accepting financial deposits, issuing letters of credit, making loans, and brokering jewels – as well as serving as formal bankers to the Fāṭimid royal court. Indeed, such activities appear to have been highly profitable, as several medieval Arab historians comment on the wealth that they accrued through their diverse banking endeavors.[115]

The Geniza documents also provide a wealth of evidence that the direct lending of capital by merchant bankers to other entrepreneurs frequently took place. Because they were essentially "bookkeeping" documents, these business records preserve many facets of contemporary lending practices. In one illustrative agreement that has been preserved, for example, a citizen of al-Ramlah borrowed 11 *dīnārs* in Ṣafar 481/May 1088 – contracting 66 installment repayments over a five-year period.[116]

In another, a five *dīnār* small business loan made in Sha^c^bān 483/October 1090, was to be repaid in sequential monthly installments of 1/3rd of a *dīnār*; whereas a much larger 106-*dīnār* trade loan made at the onset

113 Cf. al-Maqrīzī 1957, p. 21.

114 Al-Maqrīzī n.d., vol. 1, p. 424.

115 Cf. al-Maqrīzī n.d., vol. 1, pp. 416, 424, 475, 479; Ibn Muyassar 1919, pp. 3, 13; Nāṣir-i Khusraw 1881, pp. 55–56.

116 See manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, nos. "TS 13 J 1, f.20," as related in S.D. Goitein 1967–1973, vol. 1, pp. 248, 261.

of the same year, 483/1090, was to be repaid in weekly installments of 10 *dīnārs* each.[117]

Thus, while the business activities of medieval Egypt's merchant bankers were not wholly dedicated to conventional banking functions, they did nonetheless offer an impressive array of commercial banking services. Such services, as the sources reveal, included the administration and oversight of private funds, issuing direct bank loans, arbitrage transactions, inter-currency monetary exchange, making financial remittances on behalf of clients, and selling of assignments of credit.

Another common function of such merchant bankers was the ongoing exchange and transfer of currency to accommodate commercial payment transactions. Such transfers were frequently accomplished by dispatching coins in sealed purses whose exact values in both weight and number were clearly indicated on their exteriors. Such pre-packaged sealed currency purses also facilitated payment in larger business deals, thereby obviating the need for counting, weighing, and appraising coins in each currency transaction.[118]

More often, however, long distance payments and extended credit facilities were accomplished by "paper" monetary instruments. The *ḥawālah,* or "credit transfer," for instance, directly substituted for a cash payment.[119] The *ṣakk,* yet another cash substitute likewise in common use, was a conventional check in the sense that it was a payment order made through a banker with whom the bearer had securing money deposits on account.[120]

The *suftajah,* or "bank letter of credit," was also frequently used. Purchased by customers from their bankers for a fixed fee, if acquired

117 See manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 12.583," and in the Firkovitch Collection, Leningrad, no. "II, 1700, f.16, sec. B," as related in S.D. Goitein 1967–1973, vol. 1, pp. 261, 466 (note 200).

118 See manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, nos. "TS 18 J 1, f.11.30–31," "TS 16.132, f. 1.7." "TS NS J 111, col. I, 11.1–2," as related in S.D. Goitein 1967–1973, vol. 1, pp. 231–234; idem. 1966, pp. 38 ff.; A. Udovitch 1975, pp. 15–16.

119 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS NS J 273," as related in S.D. Goitein 1967–1973, vol. 1, pp. 231–234; A. Udovitch 1975, p. 16; E.A. Ashtor 1986, pp. 567–570; L. Massignon 1931, pp. 7–8.

120 See Dropsie College manuscript no. "389, 11.1–2," as related in S.D. Goitein 1967–1973, vol. 1, p. 245; idem. 1966, p. 29; C. Cahen 1970, vol. 2, pp. 525–526; W. Fischel 1968, p. 578; L. Massignon 1931, pp. 7–8.

from a reputable financial institution, it would substitute for cash in the hands of the bearer, and all financial agents of the issuing banker were required to cash it on sight. Indeed, private bankers reportedly could be fined by the Fāṭimid government for failing to promptly redeem such *safātij* upon demand when drawn on fully secured accounts.[121]

The Geniza documents concurrently contain testimony to the effectiveness of the *suftajah* as a contemporary "financial transfer" instrument – providing numerous examples of money being dispatched from one city to another, domestically as well as internationally – by businesses, merchants, and private clients alike. One banker's account created circa 468/1075, for instance, included *safātij* totaling in value 311 *dīnārs* issued to a merchant by customers from various parts of Egypt; which were, in turn, deposited by him for investment purposes with the prominent merchant banker Nahray b. Nassīm.[122]

The *ruqᶜah* likewise appears to have been a flexible and useful credit instrument in Fāṭimid times. It could be employed either as a negotiable note to settle accounts in transactions with local merchants or as a more formal promissary note in larger, more distant transactions. For if its bearer and its securing financial institution were deemed to be of good repute, the credit document was generally considered to be as good as cash.[123]

Inasmuch as customers who deposited their monies with merchant bankers were prohibited from receiving compensatory interest by Islamic law, this recourse to the *ruqᶜah* as a cash substitute was a prime service accruing to the depositor from his deposit. In addition, there are documented instances wherein the *ruqᶜah* was used as a fidu-

121 See manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, nos. "TS 13 J 17, f.6, 11.9–11," TS 13 J 15, f.5, 1.5," "TS 13 J 18, f.6, 1.11," and TS 13 J 25, f.14," as related in S.D. Goitein 1967–1973, vol. 1, passim; idem. 1966, p. 29; C. Cahen 1970, vol. 2, p. 525; E. A. Ashtor 1986, pp. 567 ff.; W. Fischel 1968, p. 578; A. Mez 1922, p. 448; M. Gil 1984, p. 169.

122 See manuscripts in the Taylor-Schecter Collection, University Library, Cambridge, England, nos. "TS 'Misc. Box 24,' f. 39," as cited in S.D. Goitein 1973, pp. 295–297; and "TS 8 J 19, f.25, 1.11," as related in S.D. Goitein 1967–1973, vol. 1, pp. 242, 245, 461.

123 See S.D. Goitein 1967–1973, vol. 1, p. 242; A. Udovitch 1975, pp. 16–17; M. Gil 1971, p. 140.

cial mechanism by the merchant bankers to grant overdraft privileges to trusted customers who already had securing deposits on account.[124]

The extreme utility and versatility of the *ruq*^{c}*ah* is illustrated in the analysis of Goitein, who asserts:[125]

> Even the grocer was often not paid by the more well-to-do people in cash, but through arrangements similar to the modern charge account.
> One sent a *ruq*^{c}*ah* note, duly dated and signed, indicating the commodity and price of the commodity required. After 5, 10, or 20 such *ruq*^{c}*ah*s had been assembled with the grocer, he returned them in one bunch (which would ultimately find their way into the Geniza). Payment by promissory note, also called *ruq*^{c}*ah,* was widespread.
> The Geniza has preserved a batch of 20 *ruq*^{c}*ahs* that were made up of payment orders. From business letters, we learn that not only private persons, but even governmental offices, such as toll stations, accepted such promissory notes instead of cash.

To account precisely for such time-denominated trade transactions, moreover, rudimentary "double column" antecedents of double entry bookkeeping likewise now begin to appear in commercial ledgers contained in the Geniza documents dating to the Fāṭimid era. Within them, the "credit column" entry is labeled: *lahu* ("for him"); whereas the "debit column" entry is marked: *alayhi* or ^{c}*indahu* ("against him" or "with him").[126]

In sum, in the period immediately preceding the Crusades, the vibrant marketplaces of Fāṭimid Egypt, in many ways, resembled a modern "paper economy" – with its merchants enjoying access to a broad variety of highly utilitarian fiducial instruments.

Indeed, as analysis has shown, contemporary Muslim merchants had at their disposal most of the financial incentives, banking institutions, corporate instruments, and bookkeeping practices that today constitute modern "commercial capitalism" – extensive and powerful financial and business services facilities that aided Egypt's private sector entrepreneurs in bringing that country to its economic apogee in the Middle Ages.

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124 See manuscript in the Taylor-Schecter Collection, University Library, Cambridge, England, no. "TS 'Arabic. Box 30,' f.32, col. II," as related in S.D. Goitein 1967–1973, vol. 1, pp. 247, 262, 461 (note 101); idem 1966, p. 29.

125 S. D. Goitein 1966, p. 28.

126 See S. D. Goitein 1967–1973, vol. 1, pp. 208–209, 238–240; idem. 1973, pp. 293 ff.; idem. 1966, pp. 28 ff. and 62 ff. in particular.

As a direct result of the lucrative business opportunities that these incentives created, in fact, merchants of Southern Europe now flocked in droves to Egypt to exploit its market potentials – contributing, in no small part, to the dynamic 5th/11th – 6th/12th century economic revival soon to be experienced by the states located on the northern Mediterranean shores as well.

It is thus to an analysis of the "technology transfer" dimensions to the various capitalistic tools that came to be employed to facilitate the Islamic Empire's buoyant trade on its European flanks, and the resultant impacts of those interactions upon the heretofore moribund economies of Western Europe, therefore, that this inquiry now turns.

Part III

Islam and the Christian Revival

Chapter 5

Imperatives of Trade and the Transformation of Europe

5.1. The $5^{th}/11^{th}$ Century European Economic Revival

The late $5^{th}/11^{th}$ through early $6^{th}/12^{th}$ centuries witnessed profound, progressive changes in the economic system upon which the civilization of Western Europe was based. Its trade expanded greatly not only around the Mediterranean basin but well beyond – as both the volumes and the ranges of goods traded dramatically increased.

Often described in conventional Western business histories as "Europe's 11^{th} century commercial revolution," the monumental economic transformation that took place has been analyzed in many scholarly tomes. It is therefore only necessary to synopsize their findings here.[1]

In many ways, as will be demonstrated in subsequent analysis, the $5^{th}/11^{th}$ century economic transformation that transpired in Europe was precipitated, in no small part, by the mounting commercial demands developing in the Near East – primarily in Egypt and the Levant, then integral parts of the Fāṭimid empire. Needing strategic resources, the Muslim Arabs looked to Europe to provide the inputs needed to supply their industrial and war machines.

This trade, in turn, produced multiple economic repercussions that reverberated internationally – resulting in highly significant shifts in both the relative wealth and the commercial and political power bases throughout the Mediterranean region.

Preceding analysis has revealed how the early $1^{st}/7^{th}$ century Islamic conquests afforded the nascent Muslim empire direct access to

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1 Cf. R.S. Lopez 1976, passim; R. LaTouche 1967, pp. 235 ff.; R. Bautier 1971, pp. 65 ff.; H. Adelson 1962, pp. 68 ff.; G. Duby 1974, passim; C. M. Cipolla 1976, passim.

the ample supplies of gold and silver needed to power its monetary economy. The rapid expansion of the *Dār al-Islām* in the $3^{rd}/9^{th}$–$4^{th}/10^{th}$ centuries, in turn, dictated that such precious metal resources be committed to acquiring slaves, timber, iron weapons, base metals, and other essential products of European origin that it needed to defend itself.[2]

Their burgeoning commerce with the Islamic empire thus greatly stimulated the heretofore moribund Western European economies. The surging demands of those economies for raw materials brought western ships to eastern ports. In the Venetian, Genoese, and Pisan trading communes in the Levant, Italian merchants traded raw materials – wood, timber, and iron goods – for aromatics, local fabrics, and other indigenous products, as well as spices, teak, gemstones, and jewels that were imported from the Far East. Rather than return home empty-handed, these merchants brought back to their homelands manufactured goods and high-unit-value luxury items made more reasonable in price by the reduced transit costs.[3]

As the economic vigor of northern Europe revived commencing early in the $5^{th}/11^{th}$ century, moreover, they also carried these Oriental specialty items over the Alps to vend in local Germanic markets. Thus, the rebounding economy of Western Europe benefitted not only from a substantial Eastern demand for its raw materials, but also from an influx of a broad range of new, moderately priced goods in counter-trade – creating new tastes amongst consumers and new market opportunities for Eastern exporters.[4]

The impact of this renewed trade activity upon the socioeconomic fabric of Western Europe doubtless was significant. For as the chapter that follows reveals, it produced an era of expanding economic enterprise – as Muslim gold and silver now found their ways into local European entrepreneurial hands, creating new wealth that could be reinvested in industry and trade.

The chief initial beneficiary of this new wealth was Italy, the prime European trading partner of Fāṭimid Egypt, the foremost Islamic confrontational state in the Crusader wars. But from Italy proper, radiating circles of commercial expansion concurrently spread outward, grad-

2 R.S. Lopez in *Cambridge Economic History of Europe*, 1987, vol. 2, p. 161.

3 On this, see H. Kreuger 1961, pp. 71–75; G. Duby 1974, pp. 144–148; A. Wildavsky and C. Webber 1986, pp. 162 ff.

4 See sources cited in the preceding footnote.

ually reaching the countries of Europe's hinterland, thereby contributing to economic renaissance in their individual domains as well.[5]

Of these defining commercial developments, the medieval European economic historian Gerald Hodgett states:[6]

> The trade revival in southern Europe, and above all, in Italy's peninsula, was by the millennial year, launched, and in the three succeeding centuries, a great period of commercial and industrial expansion ensued.

As the macroeconomies of medieval Western Europe developed and expanded, moreover, their microeconomies grew concomitantly – as new industries evolved to meet ever-increasing market demand. Business sectors now became more diversified in their efforts to produce the cloth, metal wares, and other commodities demanded by the steadily more affluent consumers both immediately in the local markets and then eventually in the gradually expanding foreign markets.

Fluctuating with incipient demand, prices correspondingly rose, the organization of business and commerce became more complex, and capital investment increased accordingly. This intensified economic activity, in turn, led to regional economic interdependence, and to the growth of towns as key nexuses of industry and trade.[7]

This increasing wealth and economic diversification of Western Europe likewise produced significant material changes in the volumes and direction of commerce. For until the $6^{th}/12^{th}$ century, the medieval Muslim-Christian trading partnership was characterized by the *Dār al-Islām* serving as the highly economically developed and commercially advanced partner – and Western Europe as the more underdeveloped, less industrially sophisticated one.

For immersed in the near "natural economy" to which it had reverted in its "Dark Ages," medieval Europe's demand for the manufactured goods of the Levant and the other parts of the Near East had been primarily requited in slaves and raw materials. But now, with a rapidly expanding range of indigenously produced commodities to offer in exchange, a more equitable trade balance came to be restored – as Europe's exports of clothes, metalworks, and other manufactured goods in counter-trade increasing came to be used to pay for the imports of alum,

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5 A. Wildavsky and C. Webber 1986, p. 164; M. Lombard 1947, pp. 143 ff.; M. Bloch 1933, pp. 4 ff.

6 G. Hodgett 1972, p. 59.

7 H. Heaton 1948, p. 61; A. Lewis 1978, p. 32.

natron, aromatics, spices, silk, teak, porcelain, ivory, and other "Eastern goods."[8]

Assessing the long term economic impacts of this commercial transformation, R. S. Lopez asserts:[9]

> The startling surge of economic life in the "high" Middle Ages is probably the greatest turning point in the history of our civilization.

Trade, of course, drove this process of economic rediscovery – in a profound, albeit gradually emerging, mercantile metamorphosis – making a systematic review of the evolution of these commercial developments, at this point, both compelling and instructive.

5.2. Henri Pirenne and the European "East-West" Trade Debate

As preceding analysis makes clear, the global pervasiveness of the medieval Arab commercial expansion has frequently been underestimated in much modern orientalist treatment, causing diminished, often even distorted, perceptions of what were extremely significant early Muslim contributions to human socioeconomic evolution.

For these reasons, then, renewed effort at historiographic revision may be needed – as a fuller comprehension of the sweeping impact of the international export of medieval Islamic trade and economic ideologies can serve to invert and thereby correct conventional misunderstanding of the main course and prime determinants of contemporary East-West commercial relations.

Among them, it has now been over eight decades since the distinguished Belgian historian Henri Pirenne completed his work *Muḥammad and Charlemagne* – blaming Europe's "Dark Ages," in large part, upon the rise of Islam – and upon a military and economic blockade that, he retrospectively posited, was imposed by the Muslim conquerors upon much of the proximate regional commerce in the Mediterranean. But today, while his theory has subsequently been scrutinized at length by numerous accomplished scholars, the controversy that it engendered remains.

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8 N. J. G. Pounds 1974, pp. 97–98.

9 On these transformational developments, see R. S. Lopez 1987, passim.

Pirenne's thesis may be summarized briefly. First, he queried, when did the real break between the fall of the Roman Empire in the West and the rise of feudalism in Europe occur? Conventional history had held that the date was A.D. 476, the year when the last Western Roman Emperor, Romulus Augustulus, was deposed by the Germanic barbarian Odoacer.

But this act, argued Pirenne, was a political event, no more than the demise of an administrative system. It did not affect the basic socioeconomic structure of Europe, which continued largely unchanged, albeit slowly disintegrating, for another 200 years.

At what point, then, did the real transition take place? Pirenne contended that it had happened much later – in fact, in the eighth century A.D. He based his case upon evidence of ongoing economic and commercial change. In particular, he examined the ranges of "luxury goods" that had been imported into Europe from the Near East – papyri, wines, spices, luxury clothes, and so forth. The flows of these goods, he contended, had continued into Europe, conveyed by "Syrian" merchants, for centuries after the barbarian invasions of Western Europe that took place circa A.D. 476.

But around A.D. 715, his evidence suggested, all such commerce ceased. The papyri of Egypt, the spices of the Orient, and the wines of Gaza all disappeared from the chanceries and pantries of Gaul. At the same time, gold ceased to constitute the currency basis for European commerce, and major merchants and their luxury goods were no longer cited in the traditional church histories and ancillary sources consulted by Pirenne. Instead, a new European society now appeared – founded on rural self-sufficiency – that afterward would find expression in varying debilitating forms of feudalism.

What caused this radical upheaval in the socioeconomic structure of post-Roman European society. Pirenne suggested that its cause could be attributed to a single source: the Muslim prophet Muḥammad. Of the rise of Islam, he vividly asserted:[10]

> What was then natural and reasonable to predict was not to be realized. The ancient world-order that survived the Germanic invasions was not able to survive that of Islam.
>
> It was thrown across the path of history with the elemental force of a "cosmic cataclysm" – as even in Maḥomet's lifetime (571–632), no one could

10 H. Pirenne 1974a, pp. 23–25; idem. 1974b, pp. 152–153; R. Hodges and D. Whitehouse 1983, pp. 75 ff.

> even have begun to imagine the consequences or prepared for them. . . . Its sudden thrust destroyed ancient Europe. It put an end to the Mediterranean commonwealth wherein it had before gathered its strength."

With Europe thus isolated by this cataclysmic event, he continued, all urban life in the West collapsed and its political power became focused upon land holdings. The region's erstwhile commercial classes soon disappeared, and administrative authority became concentrated in the hands of the Church. In this manner, he contended, the Islamic conquests transformed the world of the Merovingians from a monetary economy into the feudal "natural" economy that characterized the Middle Ages in the West.

Hence, in Pirenne's view, the Islamic conquests set into motion a train of momentous political and socioeconomic events. Europe's form of government, the relationship of Church and State, the role of the Church in society – all of this was now profoundly changed.

This long evolutionary process, in turn, culminated on Christmas Day 183/800 with the coronation of Charlemagne as "Emperor of Rome" – the act that established the Holy Roman Empire. Muḥammad had paved the way for Charlemagne, he argued, and:[11]

> It is therefore quite correct to say that without Maḥomet, Charlemagne would have been inconceivable.

Summarizing his posited resultant economic impacts, he concluded:[12]

> If we consider that in the Carolingian epoch, the minting of gold had ceased; that lending of money at interest was prohibited; that there was no longer a professional class of merchants; that oriental products (papyrus, spices, silk) were no longer imported; that the circulation of currency was reduced to a minimum; that laymen could no longer read and write; that taxes were no longer organized; and that towns were merely fortresses, we can say without hesitation that we are confronted with a civilization that had retrogressed to the purely agricultural stage which no longer needed commerce, credit, and regular exchange for the maintenance of the social fabric.

Thus linking the Arab conquests with the commercial and industrial evolutions of Western Europe, Pirenne graphically portrayed the 2nd/8th century disruption of the general unity and security that the erstwhile "Pax Romana" had imposed upon the Mediterranean as the

11 H. Pirenne 1974a, pp. 234–235.
12 See H. Pirenne 1974b, pp. 169–172.

single seminal event that brought on the continent's devastating "Dark Ages."

This theory has now been debated for three-quarters of a century. Many eminent medieval scholars – among them, Baynes,[13] Moss,[14] LaTouche,[15]Adelson,[16] White,[17] and Lyon[18] – have been caught up in the debate. It may be said, in fact, that their efforts have generally discredited the validity of the Pirenne thesis as a basis for explaining Western Europe's economic demise.

For as early as the reigns of Tiberias and Nero midway through the first Gregorian century, serious depopulation and disaffection were setting in amongst the populace of the Roman Empire.[19] Indeed, a general decline in productive economic output that climaxed in the third century already had made necessary the emperor Diocletian's "Edict of 301," which devalued Roman currency and fixed retail prices to a specific standard to combat rampant inflation.

Yet though the reforms of Diocletian, and Constantine after him, may well have stayed its inevitable demise for several centuries, the early seeds of destruction of the Roman Empire had already set root long before the "Divine Revelations" that led to the rise of Islam were made manifest to the prophet Muḥammad early in the seventh century A.D.

These deep-seated developments have been sufficiently well documented within the more conventional Western sources as to not warrant further elaboration here. Suffice it to say that certain financial and industrial devolutions indigenous to the realm clearly reveal the reasons for its precipitous demise in the course of the third to fifth centuries.[20]

But while Pirenne's thesis has been remedied, at least in part, from a European standpoint, no historian has comprehensively studied the serious distortions that it has created in conventional misperceptions of *Near East* economic history. No one has achieved, in the comprehensive

13 N. Baynes 1969, pp. 49 ff.
14 H. St. L. B. Moss 1969, pp. 53 ff.
15 R. LaTouche 1969, pp. 132 ff.
16 H. Adelson, 1962, pp. 138 ff.
17 L. White 1969, pp. 166 ff.
18 B. Lyon 1969, pp. 183 ff.
19 G. Luzzatto 1961, pp. 5–6.
20 G. Luzzatto 1961, pp. 7–8; S. T. Loseby 2000, pp. 168 ff., 191 (Loseby is inclined to date the onset of the decline to the fifth century A.D. and to "a basic failure of production and distribution in the Mediterranean rather than to a failure of demand in Frankish markets.")

way that this inquiry attempts, to answer the question of what actually was happening both commercially and economically on the Arab side of the Mediterranean.

The reasons are numerous. Among them, many accomplished Western medieval historians are unable to approach the primary Arabic sources linguistically; whereas other accomplished eastern scholars have been more concerned with the *religious* significance of Islam than with its equally significant *economic* dimensions.

Moreover, while some eminent historians – among them Dennett, Ehrenkreutz, Lopez, Riising, Ashtor, and Cahen – have admirably addressed select aspects of Pirenne's thesis from a Near East standpoint,[21] no one has systematically attempted to undertake the in-depth study of the economic dynamic and commercial impetus that drove the *Dār al-Islām* – and their serious impacts upon East–West commercial relations – in the in-depth manner that the topics clearly deserve.

Indeed, even those noteworthy efforts already made frequently show significant shortcomings. For beyond an initial observation that the direction and volume of any trade flow probably cannot be accurately inferred from the "disappearance" within commercial registers of a single luxury commodity (or even three or four), a more persuasive argument lies elsewhere.

For there is compelling evidence in a variety of medieval sources of both the Islamic East and the Christian West that does, in fact, document the importation of such goods from the Arab world. In other cases, where medieval sources show that there was an actual redirection of trade in specific items, they concurrently provide plausible explanations for such developments unrelated to the Muslims' conquests.

The precipitous abandonment of the use of papyri in the chanceries of Europe, for instance, likely cannot be blamed upon a cessation in its Near East production, or alternately, upon "the invention of paper," as modern orientalists are often wont to do. The medieval Ismā^{c}īlī Arab geographer Ibn Ḥawqal states that in Sicily as late as 367/977, papyrus was still being cultivated, and that only the ruler enjoyed the privilege of using paper.[22]

21 D. Dennett 1948, p. 167; A.S. Ehrenkreutz 1972, pp. 94 ff.; R.S. Lopez 1969, pp. 61 ff.;A. Riising 1952, p. 87; E.A. Ashtor 1970, pp. 166 ff.; C. Cahen 1965, pp. 391 ff.

22 Ibn Ḥawqal 1938/1967, pp. 122–123.

Al-Iṣṭakhrī, in turn, asserts that in his time in the 4th/10th century, paper was manufactured primarily in the Far East;[23] whereas al-Muqaddasī maintains that its manufacture was being carried out only on a very limited scale in the Levant [24] – a contention that is sustained by Nāṣir-i Khusraw.[25]

Given such evidence, it then seems more likely that the 2nd/8th century interruption in the use of papyrus in Merovingian Gaul may have resulted from a dispute between the Byzantine emperor Justinian II and the Umayyad caliph ᶜAbd al-Malik b. Marwān (d. 86/705) late in the 1st/7th century – wherein that caliph substituted purely "Islamic formulae"for the previous invocation of the Christian "Trinity" on *ṭirāz* and papyri destined for export.

The 3rd/9th century Arab historian al-Balādhurī explicitly explains, in fact, that the caliph ᶜAbd al-Malik embargoed the export of papyri rolls to Byzantium because of this dispute:[26]

> Khālid b. Yazīd advised ᶜAbd al-Malik to declare the use of Greek *dīnārs* to be illegal to prevent their circulation; and to cease exporting papyrus (*qarāṭīs*) to Byzantium. Accordingly, no papyri were exported there for a time.

Having thus dismissed the disappearance of papyri from the chanceries of Europe, Pirenne continues:

> The same applies, of course, to the wines of Gaza, which also disappear.

Daniel Dennett similarly asserts: [27]

> The wines of Gaza were undoubtedly no longer exported, or even produced, since it is not an unreasonable assumption that the Arabs, following the well known Koranic injunction against wine, discouraged its manufacture.

Yet while this may not be an unreasonably assumption, it is quite unlikely that it explains, in any significant way, such shifts in international wine trading practices as may have occurred in the early Middle Ages.

Undeniably, the Qur'ān does forbid the imbibing of wine. To wit:

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23 Al-Iṣṭakhrī 1927, p. 288.
24 Al-Muqaddasī 1906, p. 180
25 Nāṣir-i Khusraw 1881, p. 12.
26 Al-Balādhurī 1978, pp. 241–242; idem. 1866, p. 336. Al-Bayḥaqī (1961, pp. 233–234) replicates a version of this story.
27 H. Pirenne 1974b, p. 172; D. Dennett 1948, p. 175.

> They will ask about wine and gambling; say: in both of them there is great sin and also uses for the people; but their sin is far greater than their usefulness. (*Sūrat al-Baqarah, Āyah 219).*
> Oh you who believe that wine and gambling and graven images and divining arrows are a true abomination of Satan's creatures; avoid them all, that you may prosper (*Sūrat al-Mā'idah, Āyah 90).*

Yet the Arabic sources themselves document the ongoing use of wine by Muslims, such Qur'ānic injunctions notwithstanding. In addition to bawdy medieval Arabic poetry and songs (*khamrīyāt*) extolling wine's manifest virtues, there are reports of drunkenness amongst the "Companions of the Prophet." Ibn al-Athīr and Ibn Kathīr testify that the finest wines in Syria could then be bought in Makkah. There likewise are numerous references in the sources to wine consumption, wine merchants, and caravans bearing wines from Syria and Iraq. Syria, in fact, is described by one source as a "land of wine."[28]

Various caliphs also appear to have been alcoholics. Yazīd II (d. 105/724) was so committed to the undertaking that he earned the title "*Yazīd al-Khumūr*" ("Yazīd the Drunk"). His son, Walīd II (d. 126/744) reportedly swam daily in a pool filled with wine, lowering its level appreciably with prodigious gulps. Indeed, because of such indulgences, this caliph won for himself the deprecating title (*laqab*): *al-fāsiq* ("the libertine").

The ᶜAbbāsid caliphs al-Qāhir (deposed 322/924), al-Rāḍī (d. 329/940), and al-Mutaqqī (deposed 333/944) are reported by the Arabic sources to have drunk alcohol. Of the other caliphs, Phillip Hitti's research indicates that: "al-Hādī, al-Amīn, al-Ma'mūn, al-Muᶜtaṣim, al-Wāthiq, and al-Mutawakkil were all given to drink."[29]

The drinking of intoxicating beverages similarly appears to have been prevalent amongst the masses. In Egypt, it was prominently employed by Coptic Christians in their celebrations of the "Day of Epiphany" (*ᶜĪd Ghiṭās*). Wealthy Egyptian homes in the early Middle Ages

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28 Ibn al-Athīr 1864, vol. 1, p. 261, vol. 4, pp. 258 ff.; Ibn Kathīr 1932, vol. 3, p. 45; Ibn Hishām 1858–1859, vol. 1, p. 136; al-Wāqidī 1965, vol. 2, p. 716; Ibn Qutaybah 1970, p. 249; Ibn Rustah 1892, p. 215; Ibn Ḥanbal 1895, vol. 2, p. 132; Ibn Ḥajar 1906, vol. 3, p. 67; al-Iṣfahānī 1927–1974, vol. 3, p. 45, vol. 7, p. 214.

29 Ibn ᶜAbd Rabbihi 1885, vol. 3, pp. 403 ff.; al-Nuwayrī 1924, vol. 4, pp. 91 ff.; al-Iṣfahānī 1868, vol. 15, p. 48; al-Nawājī 1882, p. 98; Miskawayh 1920–1921, vol. 5, p. 424; Ibn Taghrī Birdī 1927–1972, vol. 2, p. 254; al-Masᶜūdī 1861–1867, vol. 8, p. 390; A. Mez 1962, vol. 2, p. 245; P. Hitti 1970, p. 337.

frequently employed a servant known as *al-sharrābī,* a function apparently not unlike that of modern "bartender."

The 4th/10th century geographer al-Muqaddasī also speaks of the quite legendary drinking habits of the elders of Egypt in his time. The Geniza documents similarly present evidence that wine was then openly displayed in the markets for sale; and al-Maqrīzi relates that Egypt's contemporary rulers, the Fāṭimids, even taxed the sales of beer and wine at Egypt's breweries.[30]

In short, based upon the direct testimonies of the primary sources themselves, it appears somewhat unlikely that Qur'ānic injunctions appreciably diminished the production of wines within the *Dār al-Islām* or inhibited their export to Christian Europe in the early Middle Ages.

More likely, in fact, is the possibility that the then rapid development of Western Europe's indigenous wine industry obviated the need for competing imports from such remote regions as Gaza. For under Charlemagne, in particular, this industry greatly expanded, as the wine masters of Gaul began to produce their own high quality burgandies and bordeauxes in the very regions in which those modern wines now derive their names.

Indeed, France was now developing an international wine reputation of its own. In Charlemagne's exchange of embassies with Hārūn al-Rashīd, described in greater detail in subsequent sections and in Appendix A, his ambassadors brought back with them from the Near East oriental spices specifically to flavor wines, and Frankish wines were becoming so renowned for their quality that they began to be exported to the East.

At the same time, Jewish merchants, many of whom were afforded special status and protection by Carolingian monarchs, became major brokers of the wines of southern France, traversing routes that covered practically the entire known world from Spain to China. Ibn Saᶜīd testifies that French wines were now in great demand in England:[31]

> In this country, there are mines of gold, silver, copper, and tin. But they have no vineyards because of the intense cold. The people transport the ore

30 Ibn Iyās 1893, vol. 1, pp. 58–59; al-Nawājī 1882, pp. 38 ff.; al-Muqaddasī 1906, p. 200; al-Maqrīzī 1853, vol. 1, pp. 105 ff.; idem. 1934, vol. 1, p. 45; S. D. Goitein 1967–1973, vol. 2, pp. 122–123; Ḥ. Rabīᶜ 1972, p. 119; A. Mez 1962, vol. 2, p. 245.

31 Ibn Saᶜīd 1958, p. 134; J. W. Thompson 1959, vol. 1, p. 231; R. LaTouche 1967, p. 95; R. S. Lopez 1958, pp. 140–141.

> output of these mines to France and exchange it for wine. That is why the ruler of France has so much gold and silver (!)

Given this burgeoning export market, then, it seems probable that competitive indigenous production, and not an Islamic trade embargo, eliminated the "wines of Gaza" from the taverns and the tabletops of Gaul.

In like manner, the studies of Sabbe, Devisse, Lombard, Lewis, Lestocquoy, and others have proven that the importation of "spices" by medieval Western Europe from the Muslim world continued well into the 2nd/8th–4th/10th centuries.[32]

Their contentions are supported by medieval European documentary evidence as well. An edict issued by Merovingian King Chilperic II on 2 Ramaḍān 98/19 April 717, for instance, reconfirming similar proclamations issued by his predecessors Clotaire III (d. 53/673) and Childeric III (d. 55/675), exempted the "Abbey of Corbie" from customs duties on a variety of items commonly imported from the *Dār al-Islām,* and authorized the release of a broad range of merchandise which included papyrus and various Eastern "spices" from the bonding house at Fos.[33]

The monk, Alcuin, who ran Charlemagne's "palace school" early in the 3rd/9th century, similarly asserts that many Eastern spices were available at the Carolingian royal court in his time. A long list of spices also is appended to the statutes of Abbott Adalhard dated 207/822.[34]

The 4th/10th century traveler Ibrāhīm b. Yacqūb al-Ṭarūshī likewise noted the prevalence of such commodities as pepper, ginger, costum, spikenard, galingale, and cloves when he visited Mainz in 362/972; and there are reports of the Bishop of Mainz negotiating substantial Eastern spice purchases at this time as well.[35]

Pirenne also believed, as noted, that "the use of silk seems to have been almost entirely unknown in this period."[36] But there is significant evidence of the presence of silks, purples, and brocades in widespread

32 See É. Sabbe 1935, pp. 811–848, 1261–1288; J. Devisse 1954, vol. 1, p. 154; M. Lombard 1948, p. 195; A. Lewis; 1953, pp. 380–381; J. Lestocquoy 1947, pp. 6 ff.

33 See L. Levillain 1902, pp. 235 ff.; H. Adelson 1962, pp. 113–114; R. S. Lopez 1986, 1986, pp. 126, 140; P. Spufford 1988, p. 39.

34 Cited in W. Heyd 1885, vol. 1, p. 90.

35 G. Jacob 1927, vol. 1, pp. 25–26. See also the *Monumenta Germaniae Historica (MGH): Epistolae Merovingici et Karolini Magni,* vol. 2, p. 67, n. 26; D. Dennett 1948, p. 177; É. Sabbe 1934, pp. 179–180.

36 H. Pirenne 1974b, p. 171.

use in Western Europe.[37] The Christian chronicler Theodolphus (d. 206/821) reports that in his time, a variety of luxury textiles of Near East origin were being imported at Arles.[38] Eastern purples and silks also were now required vestments both in ecclesiastical ceremonies and as foremost symbols of secular authority at royal courts throughout much of contemporary Western Europe.

The studies of Sabbe, R.S. Lopez, Lewis, Dennett, Lombard, and others similarly provide ample evidence gleaned from the medieval Western European documentary sources attesting to the widespread availability of Near Eastern quality clothes, and to their prevalence at contemporary Christian courts and churches throughout this period; all evidence missed by Pirenne in his cursory scan of trade indicators of the era.[39]

Pirenne predicated his novel "cessation of trade" proposition, moreover, upon a *presumed* innate Muslim hostility commerce that he then posited prompted them to blockade the Mediterranean and embargo its former lucrative mercantile activities. To wit:[40]

> The familiar and almost 'family' sea that once united all the parts of this commonwealth was to become a barrier between them. . . .
> Now, all of a sudden, the very lands where civilization had been born were torn away; the Cult of the Prophet was substituted for the Christian faith, Moslem law for Roman law, and the Arab tongue for the Greek and Latin tongue.
> The Mediterranean had long been a Roman lake; it now became, for the most part, a Moslem lake. . . . the sea which hitherto had been the center of Christianity became its frontier.
> The Mediterranean unity was shattered. . . .This was the most essential event of European history to occur since the Punic wars. It was the end of classic tradition. It was the rise of the Middle Ages.

Pirenne based his graphic conclusions, it is critical to observe, primarily on nine East-West naval confrontations that he cites from conventional

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37 Cf. É. Sabbe 1934, pp. 179–180; L. Halphen 1921, pp. 289 ff.; D. Dennett 1948, p. 176. Sabbe speculates that Pirenne's hypothesis respecting the decline in trade of oriental cloth may have resulted from no more than deficiencies in Merovingian commercial records.

38 Theodolphus *MGH* 1884, vol. 1, p. 499.

39 Cf. É. Sabbe 1934, passim; R.S. Lopez 1969, p. 82; M. Lombard 1948, pp. 192–193.

40 H. Pirenne 1974a, pp. 23–25; idem. 1974b, pp. 152–153. But see the archaeological evidence that the Mediterranean did not now become an Arab lake presented in R. Hodges and D. Whitehouse 1983, pp. 75 ff.

medieval western sources as occurring within the time frame from 21/642 to 97/715. But considering that, according to his evidence, these nine maritime engagements are the only apparent truly significant encounters involving the Muslim fleet in the first century of the *Dār al-Islām* – an average of but one per decade – a fair question seemingly becomes: can such an infrequency of altercation have utterly disrupted the unity of the entire Eastern Mediterranean as Pirenne would suggest?[41]

To answer this question in the fullest objective depth that it deserves, this inquiry has consulted a broader range of medieval sources – both Eastern and Western in provenance – than those studied by Pirenne, Dennett, R. S. Lopez, and others who have addressed the topic of maritime security on the Mediterranean in the 1st/7th to 3rd/10th century period.

Within this process, it has identified a total of 43 noteworthy Muslim naval engagements on the Mediterranean Sea in the 160 year interval between 25/645 and 291/904, an average of one every 3.3 years. The data reveal that in the 70-year period from 25/645, the date of the inauguration of the Islamic navy, to 97/715, a period wherein Pirenne believes Mediterranean commerce continued largely unabated, there were a total of 26 such confrontations, averaging one every 2.7 years.

Yet in the subsequent 70-year period, from 97/715 to 168/785, precisely when Pirenne asserts that overt Muslim hostilities utterly destroyed commerce on that sea, there were just 17 such confrontations – averaging one every 4.1 years as Appendix G reveals.

Paradoxically, then, Pirenne saw no cessation of commerce in the 25/645–97/715 time frame when alleged "Muslim naval hostilities" were demonstrably at their peak – but he finds trade totally disrupted by such subsequent confrontations exactly at a time when the Islamic conquests were complete and the Muslims' naval threats had perceptibly begun to wane.

More succinctly put, he would have history record that an average of one naval confrontation every 4.1 years in the 97/715–168/785 period

41 See H. Pirenne 1974b, pp. 152–172, passim. Cyprus was, in fact, a frequent victim of Muslim naval attacks. However, al-Muqaddasī (1906, p. 184) suggests that such attacks generally were undertaken to pacify disruptive factors on the island in efforts to *promote* ongoing commerce, not to disrupt it:

> Off Tyre is the island of Qubrus, at a distance said is twelve days, which abounds with populous cities, and offers for Muslims within it many commercial advantages and to those who conquer it.

utterly eliminated commerce on the Mediterranean; whereas the incidence of one occurring every 2.7 years in the preceding seven decades had not. Indeed, the pace slackens to just one naval engagement each 6.6 years over the following 119 years (169/785–291/904) to complete the span of the 259 year era analyzed by Pirenne.

Yet this paucity of plausible demonstrable causality should come as no surprise – since none of the cited confrontations, the medieval sources concurrently make clear, were aimed specifically at *commercial* vessels. The vast majority of them, in fact, were directed at the *military* fleets of Byzantium and its possessions, which did not sink into a deep "Dark Age" – and not at "Christian Western Europe," which did!

So again, the critical question becomes: could the alleged "Muslim maritime hostilities" on the medieval Mediterranean, such as they were, have disrupted the classic trading patterns of antiquity to the degree that Christian Europe now sank into a feudalistic morass? In the clear light of the evidence evaluated, this possibility seems quite unlikely.

To the contrary, in fact, the rise of Islam may well have been that continent's military salvation. Noting the propitious position in which Byzantium found itself at the 1st/7th century onset of the Islamic conquests – having decisively defeated its traditional archenemy, Persia, in a long series of campaigns launched by Emperor Heraclius (d. 20/641) against his Sāsānid counterpart, Chosroes II, between 614 and 630 A.D.[42] – even Pirenne asserts:[43]

> Byzantium had just regained its prestige, and its future now seemed assured by the demise of its age-old enemy (Persia) and restoration to the Empire of Syria, Palestine, and Egypt.
> The "Holy Cross," which had long ago been carried off, was triumphantly restored to Constantinople. . . . After this, it was only natural to expect that Heraclius would continue a longstanding Occidental policy (of attempted conquest of Europe) by Justinian.

Yet the anticipated reunification of the erstwhile Roman Empire would not now take place. A prime reason was that a major new power, the *Dār al-Islām,* had suddenly and dramatically risen on the southern and eastern flanks of the Byzantine Empire. This new geopolitical reality meant that Byzantium would now have to assume a protective posture against any possible Muslim onslaught– a defensive one that thereafter

42 On this, see R. S. Lopez 1966, pp. 72–73.
43 H. Pirenne 1974b, pp. 148–149.

would prevent it from undertaking aggressive armed offensives against the Christian West.

In assessing the profound political impacts of these momentous military developments, R. S. Lopez thus concludes:[44]

> If the Germans had made the birth of Europe possible, the Arabs made it inevitable. Were it not for Muḥammad, Byzantium, freed from the 'Persian peril,' would likely have renewed Justinian's plan for reconquest of the West. Even without political reunification, a new spiritual and economic community, spreading upward toward the north but centering on the Mediterranean Sea, might well have blossomed on the old stem of the *Respublica Romana.*
>
> This ceased to be a possibility when Byzantium had to entrench herself, both militarily and commercially, within what remained of her portion of Europe and when the Mediterranean's African and Asiatic shores were bound by religion, law, language, institutions, and even way of life to a different cultural group: the Islamic community.

Hence, the evidence is compelling that rather than condemning Western Europe to an encroaching "Dark Age," as some have argued, the success of the earliest Arab victories may actually have preserved the region's independence from a Byzantine conquest – by forcing the latter from an expansionist mode to a militarily defensive posture contained within its borders.

Pirenne was similarly greatly exercised by the disappearance of gold currency in the Western European economy; and the attendant shift to a silver-denominated currency occasioned by the major currency reforms of Charlemagne. To wit:[45]

> The monetary reform of the ninth century was not only in keeping with the general impoverishment of the era in which it took place, but likewise with the circulation of money which was noteworthy for both its lightness and inadequacy. Absent centers of attraction sufficiently able to powerfully draw money from afar, it remained, so to speak, stagnant.

Yet the lessons of economic history make clear that recourse to silver currency is, in itself, is not a symptom of commercial recession. The Sāsānid Empire reached its economic apogee in the sixth century employing its silver-based coinage at the cutting edge of trade, and the eastern half of the early medieval *Dār al-Islām* likewise thrived commercially on its silver *dirham*.

44 R. S. Lopez 1966, p. 77.
45 H. Pirenne 1974a, pp. 37–38.

Indeed, some argue that it was the very buoyancy of ongoing trade that caused Charlemagne to shift to a silver monetary standard. Lombard and Doehaerd contend, for instance, that in an early demonstration of "Gresham's Law," the vast quantities of Muslim gold that now entered Carolingia through its Mediterranean ports drove its own *"mauvais pieces"* out of circulation, virtually forcing Charlemagne to initiate a currency reform.[46]

Hodges and Noonan correspondingly note that when the ᶜAbbāsids' external trade slackened off commencing in 815 through the 820s (200–215 H.) – due, in large part, to an economically devastating internal political crisis caused by the death of Hārūn al-Rashīd and an accompanying civil war amongst his sons for succession – combined with massive budget deficits resulting from the huge expenditures needed to underwrite the construction of the new Arab capital, Samarrā' – the attendant loss of external economic stimuli precipitated a grave economic crisis for Charlemagne's successor, Louis the Pious, and the Holy Roman Empire as well.[47]

Nor did the Carolingian shift to silver coinage necessarily result because Western Europe's dwindling economy no longer had a need for a gold-denominated currency to underwrite "big business," as Bautier and others have suggested. For the reality is that the United States has financed the twenty-first century world's most expansive trading empire with no denomination larger than a $100 bill.[48]

Pirenne conceives perhaps his most glaring economic misperception, however, when he unequivocally states: [49]

> It is a known fact that Musulman traders did not install themselves beyond the frontier of Islam. If they did trade, they did so among themselves.

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46 M. Lombard 1948, pp. 188–199; idem. 1947, pp. 143–160; R. Doehaerd 1952, pp. 18 ff. Indeed, A. Rovelli (2000, p. 206) also contends that the Carolingians' "passage to a silver economy ought not to be regarded as a symptom and an effect of an economic crisis in the West, but the base from which the recovery now began. Having adopted a silver system, the Carolingian empire was in a position to use its own metallic resources."

47 R. Hodges and D. Whitehouse 1983, pp. 160, 175 ff.; T. Noonan 1981, pp. 69–71. These reforms were accompanied by a series of edicts by Charlemagne, Louis the Pious, and their successors urging the populace to use the new coins as their media of exchange.

48 Cf. R. Bautier 1971, pp. 33–34.

49 H. Pirenne 1974b, p. 174.

For as indications presented in the preceding chapters indelibly portray, there is powerful evidence that by the end of the 2nd/8th century, Muslim goods were coursing the entire then-known planet – from North Africa, Iberia, Scandinavia, and Russia, to China, Japan, Korea, the East Indies, India, Ceylon, and elsewhere – and as the evidence that follows indicates, certain historiographic contentions notwithstanding, Muslims were engaged in significant trading ventures into Western Europe as well.

5.3. Evidence of What Early Medieval "East-West" Trade Likely Really Was

At the onset, it may be asserted that while it is most probable that the commerce in late Merovingian Gaul was not as buoyant as Pirenne may have believed, it can be documented that the trade of its Carolingian successor – and its East-West trade in particular – was likewise much greater than he eventually concluded.[50]

For there is compelling evidence in the medieval sources of both the East and West that a brisk, ongoing trade did take place between the *Dār al-Islām* and early Carolingian Europe. Indeed, it is clear that such commerce had enjoyed a lengthy history – as a full century before the rise of Islam, the famed bishop "Gregory of Tours" (d. 594), in his *Historia Francorum*" ("History of the Franks") observes, a wide variety of Near Eastern commodities were already present in France.[51]

The chronicler Theodolphus reports that at the onset of the 3rd/9th century, Arab merchants were bringing to Arles pearls, crystal, textiles, hides, incense, Indian ivory, art objects from Asia, and balsam from Syria.[52] There is a report that in that same time frame, the Bishop of Mainz also negotiated the purchase of sundry eastern products such as

50 On this commercial transformation, see H. St. L.B. Moss 1936–1937, passim; idem 1931, p. 367; D. Dennett 1948, pp. 178 ff.; É. Sabbe 1934, pp. 178–184; F. L. Ganshof 1938, pp. 28–37. A significant part of the "trade data under-reporting problem," as subsequent analysis will reveal, was doubtless due to over-reliance upon economically anecdotal Church records as a basis for financial and commercial information.

51 Gregory of Tours *MGH* 1884, vol. 5, p. 5, vol. 6, p. 6; see also al-Balādhurī 1978, pp. 241–242.

52 Theodolphus *MGH* 1884, vol. 1, pp. 497–500.

perfumes, spices, drugs, and ivory. There is evidence from other ecclesiastical sources of similar merchandise then reaching Germany as well.[53]

There likewise are reports of Arabian gold and other precious metals in France circa 238/853, which confirm testimony by al-Mas^{c}ūdī concerning the export of such metals from the *Dār al-Islām* to the West in his time.[54] Substantiating an ongoing trade in human chattel, a French monk reported seeing in Bari in 256/870 ships carrying 3,000 slaves that were destined for Egypt.[55]

Various diplomatic missions between Charlemagne and the ^{c}Abbāsid caliph Hārūn al-Rashīd (d. 193/809) are also featured in the "Carolingian Royal Annales"– which are focused upon various 'precious gifts' that were exchanged between them.[56] The legendary "Monk of St. Gaul" indicates, for instance, that Charlemagne sent to Hārūn al-Rashīd sundry luxurious royal red fabrics which were then highly valued in Baghdad[57] – a possible indication that Charlemagne was seeking, by subliminal marketing means, to expand textiles exports from Gaul to the ^{c}Abbāsid domain.[58]

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53 Monk of St. Gaul *MGH* 1884, p. 737; see also *MGH: Epistolae Karolini Aevi,* vol. 2, p. 67, n. 26.

54 Cf. al-Mas^{c}ūdī 1861–1877, vol. 8, pp. 157–158; *MGH: Sermo de Relatione S. Vedasti, "SS,"* XV, p. 402; Theodolphus *MGH* 1884, vol. 1, p. 73.

55 T. Tobler and A. Molinier 1879, pp. 310–311. On this trade, see Appendix B.

56 Cf. Einhardus *MGH* 1923, p. 48, note 2.

57 Monk of St. Gaul *MGH* 1884, vol. 2, pp. 14, 27.

58 W. Heyd 1885, vol. 1, pp. 91, 105 ff.; S. Bolin 1953, p. 25; A. Schaube 1906, vol. 1, pp. 3 ff.; A. Schulte 1900, vol. 1, pp. 71 ff.; J. W. Thompson 1915, passim. There were, in fact, numerous diplomatic missions between European and Muslim rulers at this time. "King Pepin the Short" is said to have sent a sizable delegation to the court of the caliph al-Manṣūr in 148/765 which remained in Baghdad for three years before returning to Europe bearing presents for Pepin. Another delegation from Pepin reportedly met an Islamic counterpart team sent by al-Manṣūr in the city of Sellyus in 151/768, whereupon each returned to his sovereign bearing gifts from the other.
The third and final mission sent by Charlemagne to the ^{c}Abbāsid court reportedly set out in 191/807, but then arrived in Baghdad only to learn that Hārūn al-Rashīd had died. The sources likewise indicate that in 216/831, his son and successor, al-Ma'mūn, sent an embassy to Charlemagne's son and successor, "Louis the Pious." Almost a century later, it is claimed, Queen Bertha of Rome also dispatched an embassy to her ^{c}Abbāsid counterpart, Caliph al-Muktafī, exchanging gifts and proposing a treaty of friendship, and it appears, marriage. (On these various diplomatic missions, see Einhardus 1840, years 787, 801, vol. 43, pp. 114, 123–124, 806, 831; al-Mas^{c}ūdī 1861–1877, vol. 8, pp. 157–158; al-Rashīd b. Zubayr 1959, pp. 48–49, 54, 57; M. Khaddūrī 1939, pp. 15–16; al-Miṣrī

Various embassies, as noted, also took place between Charlemagne and Hārūn al-Rashīd commencing in 181/797. Indeed, three separate embassies were sent by Charlemagne to that caliph's court, and at least two ᶜAbbāsid trade missions went to Europe in return.

These missions were accompanied by the usual exchanges of lavish gifts, the most noteworthy of which was Hārūn al-Rashīd's present of aromatics and fabrics, a clock, a chessboard, and the elephant "Abū al-ᶜAbbās" to Charlemagne. The caliph even reportedly offered to make Charlemagne the custodian of the Christian "Holy Places" in Jerusalem.

The prominence of Western slaves in ongoing commerce with the Near East also is confirmed by various medieval European chroniclers. The $4^{th}/10^{th}$ century Bishop "Liutprand of Cremona" (d. 361/972), for example, claims astonishment at the incredible profits then being made by the merchants of Verdun in castrating eunuchs and then shipping them to Muslim Spain for reexport eastward, supporting a similar report by Ibn Ḥawqal.[59]

The bishop of Lyon, Agobard, in turn, accuses Jews of stealing French children for export as slaves, an allegation that lends credence to accounts of Ibn Khurradādhbih of the Rādhānite Jews' role in merchandising children into slavery.[60] Reported sales of slaves in lots of more than 10,000 persons in Cordoban markets suggests the volume of this trade [61] – and still other sources, from East and West alike, further sub-

1982, pp. 334–335; F. Buckler 1931, pp. 21 ff., 40; B. Lewis 1982, pp. 92 ff., 209; M. Ḥamīdullāh 1953, pp. 272–300.)

59 H. Trevor-Roper 1965, p. 92; S. Bolin 1953, p. 26; B. Lewis 1982, p. 188; R. Dozy 1932, citing Liutprand. *Antapodosis*, book 6, chapter 6; Ibn Ḥawqal 1872, pp. 110, 114.

60 Agobard 1844–1864, no. 104, cols. 70–72; R. S. Lopez 1987, vol. 2, p. 262. These Rādhānite Jews, who were principal exporters of slaves, furs, and swords from the West, appear to have been particularly active in the years 164/780–215/830. They operated from key export centers in Languedoc and along the Rhine, Meuse, Saône, Rhône corridor – from Verdun, Saint-Jean-de-Losne, to Lyons and Narbonne, with the latter city serving as their main headquarters. (On them, see Ibn Khurradādhbih, 1889, vol. 6, pp. 114, 153–154; Ibn al-Faqīh 1885, pp. 270–271; al-Muqaddasī 1906, pp. 91–92; M. Lombard 1975, pp. 209–213; idem. 1948, p. 198; O. Pritsak 1970, pp. 241–242; E. A. Ashtor 1976, pp. 245–275; idem. 1970, p. 604; M. al-Qūsī n.d., p. 33.) (On their principal trade routes from Europe through-out Asia, see Appendix H.)

61 R. S. Lopez 1987, vol. 2, pp. 261–262; B. Lewis 1982, pp. 188–189; S. Bolin 1953, pp. 26–27; R. Hodges 1982, p. 128, and p. 206, note 72; W. Heyd 1885, vol. 1, p. 91; F. Buckler 1931, p. 44; Ḥ. al-Miṣrī 1982, p. 341.

stantiate these recurring reports of a significant eastbound trade in slaves, timber, metals, and weapons.[62]

Charlemagne appears to have been particularly concerned with his empire's Islamic foreign commerce – with a number of emissaries being sent by him to Baghdad and Cordoba. The economic historian W.C. Heyd, as noted, is firmly of the opinion, in fact, that this Carolingian monarch selected valuable goods as gifts borne by his ambassadors to Hārūn al-Rashīd explicitly as enticements to develop new consumer tastes – and thereby, to promote commerce.[63]

Indeed, it appears that the *Dār al-Islām* may have been a targeted beneficiary of Charlemagne's "open market" economic policies – as sundry medieval Arabic geographies provide no small amount of evidence of ongoing trade between the Carolingian and ᶜAbbāsid empires.[64]

Ibn Khurradādbih speaks of Roman, Frankish, and Lombardi slaves, Roman and Spanish maidens, beaver skins, drugs and perfumes, and coral (*marjān)* found off the shores of "Firanjah" being exported eastward via the Mediterranean.[65] He likewise details inventories of Rādhā-

62 See Ibn Ḥawqal 1872, pp. 110, 114; R.S. Lopez 1986, p. 147; idem. 1987, vol. 2, p. 262; S. Bolin 1953, pp. 26 ff. Additional insights on this trade may be found in A.R. Lewis 1951, passim; and A.M. Faḥmy 1950, passim.

63 W. Heyd 1885, vol. 1, pp. 89–91; F. Buckler 1931, pp. 3 ff.; E. Lévi Provençal 1937, pp. 1–24. Carolingian royal court documents similarly provide indications of this sovereign interest in promoting commerce. Various *capitularia* (edicts) issued by Charlemagne (d. 198/813), in particular, show his concern for preserving the operational integrity of the "market-based" economy that he was seeking to establish. As such, these decrees contain explicit new rules for regulating and controlling market prices.
They likewise indicate Charlemagne's clear recognition of the importance of the sanctity of money in facilitating the flow of trade as well as his active efforts to bring inflation under control. Through a sweeping series of monetary reforms, he likewise abolished the decadent system of gold coinage that had developed under the Merovingians and then replaced it with the pound sterling system that survived in Britain for the next twelve centuries – e.g., the pound of twenty shillings and the shilling of twelve pence.
He concurrently reformed Europe's antiquated system of weights and measures to ensure fair and honest dealings in local markets. (On these reforms, see R. Doehaerd 1952, pp. 18 ff.; W. Webster 1903, p. 38; R. Hodges 1981, p. 218; idem. 1982, p. 153; R. LaTouche 1967, pp. 143 ff.; H. Adelson 1962, pp. 42 ff.; A.M. Watson 1967, pp. 1 ff.)

64 See S. Bolin 1953, pp. 24 ff.; E.A. Ashtor 1970, pp. 175 ff.

65 Ibn Khurradādhbih 1889, p. 92.

nite merchants' eastbound cargo from Europe consisting of eunuchs, male and female slaves, brocade, castor, mastic, swords, and beaver, martin, and various other furs.[66]

Ibn al-Faqīh similarly confirms an ongoing trade in slaves, brocade, coral, and sundry furs.[67] Ibn Ḥawqal asserts that Frankish and Galatian slaves were often shipped from Europe to the Near East via Spain,[68] a claim that is replicated in the observations of al-Iṣṭakhrī[69] and al-Muqaddasī.[70] He similarly cites a transit trade across north Africa of amber, iron, lead, and quick silver – primarily raw materials – and similar unprocessed commodities which also likely originated in Europe.[71]

Ibn Ḥawqal and al-Muqaddasī report that certain linen and cotton clothing items were being sent eastward from the West;[72] whereas Ibrāhīm b. Yaᶜqūb al-Ṭarṭūshī refers to the purchase by Muslims of lead, slaves, furs, and other commodities from Northern Europe in his sojourn to the region at the midpoint through the 4th/10th century.[73] Hārūn al-Rashīd's aborted plans to open a canal from the Mediterranean across Egypt, according to al-Suyūṭī, were also intended to facilitate the flow of East-West commerce.[74]

Islamic "counter-trade" with the Frankish West, in turn, appears to have primarily consisted of a traffic in luxury goods. According to Ibn Khurradādhbih, such items included from China: musk, aloes, camphor, and cinnamon.[75] Al-Ṭarṭūshī adds to the lengthy list of European imported goods various spices – including pepper, ginger, cloves, spikenard, costmary, and galingale from India.[76]

66 Ibn Khurradādhbih 1889, pp. 92, 153–155; Ibn al-Faqīh 1885, pp. 270–271; G. Jacob (citing al-Ṭarṭūshī) 1927, vol. 1, p. 31. From east-to-west, in turn, according to these sources, came "spices" such as musk, aloes, pepper, ginger, girofle, costus, galingale, cinnamon, and celadine, as well as sundry other "Chinese goods." The nature of this trade is documented in W. Heyd 1885, passim.

67 Ibn al-Faqīh 1885, p. 84.

68 Ibn Ḥawqal 1872, pp. 110, 114.

69 Al-Iṣṭakhrī 1870, pp. 45 ff.

70 Al-Muqaddasī 1906, p. 242.

71 Ibn Ḥawqal 1872, pp. 110, 114.

72 Ibn Ḥawqal 1872, pp. 110, 114; al-Muqaddasī 1906, p. 239.

73 On these imports, see al-Bakrī 1946, pp. 5 ff.; al-Muqaddasī 1906, p. 239; G. Jacob 1927, vol. 1, pp. 12–13, 25–26, 31; A. Miquel 1966, pp. 1048–1064; B. Spüler 1938, vol. 3, pp. 1–10.

74 Al-Suyūṭī 1932, pp. 455–456.

75 Ibn Khurradādhbih 1889, p. 154; see also R. S. Lopez 1986, pp. 137–138.

76 G. Jacob 1927, vol. 1, pp. 14, 31; A. Miquel 1966, pp. 1058–1059.

Al-Masᶜūdī indicates that silver was then being imported by the Franks from the Islamic realm;[77] and sundry other sources, as noted, report the European import of such "Eastern" commodities as papyrus, paper, dates, olive oil, wines, ivory, crystal, art objects, and assorted textiles (e.g., silks, purples, and brocades).[78]

The abundance of trade between the *Dār al-Islām* and Christian Europe likewise is supported by certain numismatic evidence. Analyzing a number of coin hoards found within Western Europe, for example, Maurice Lombard concludes that an Islamic "commercial supremacy" prevailed over the Mediterranean region between the 1st/7th and 5th/11th centuries – a trade hegemony that stimulated and redeveloped a regional economy which, until then, had been in decline. The Muslims paid for their imports of European slaves, timber, furs, and other raw materials, he contends, with gold *dīnārs* in massive quantities, contributing to Europe's 5th/11th century economic revival.[79]

Lombard's currency theory has over time been subjected to no small amount of criticism by a number of contemporary scholars. Phillip Grierson argued in 1954 that the number of coin specimens then available constituted an evidence base far too meager from which to draw definitive conclusions about the actual course of early medieval Western European economic history. Therefore, he concluded:[80]

> The importation of Arab gold in substantial quantities must be regarded as non-proven.

Grierson's contention was subsequently supported by Jean Duplessy, who concurrently maintained that the available numismatic evidence had not been properly correlated with pertinent textual evidence. But Duplessy also based his conclusions upon analysis of a relatively modest quantity of Islamic coins then available for scrutiny in 1956 – consisting of 241 whole and fractional (gold) *dīnārs*, as well as 153 whole

77 Al-Masᶜūdī 1861–1877, vol. 1, p. 367.

78 Cf. *MGH: Formulae Imperiales e Curia Ludovici Pii*, pp. 415 ff.; *MGH: Legum Capitularia Regnum Francorum*, vol. 1, p. 90, no. 70; W. Heyd 1885, vol. 1, pp. 89 ff., 96 ff.; Ḥ. al-Miṣrī 1982, pp. 333–334; D. Dennett 1948, passim; E. A. Ashtor 1970, passim; É. Sabbe 1935, passim; S. Bolin 1953, pp. 26 ff.; H. Pirenne 1972, pp. 4–5; idem. 1927, pp. 18–21; idem. 1928, pp. 187–191; L. Bréhier 1903, pp. 20 ff.

79 M. Lombard 1948, pp. 188–199; idem. 1947, pp. 143 ff.

80 P. Grierson 1979a, p. 1074.

and fractional (silver) *dirhams*, and one (copper) *fals* coin originating from 36 Western European treasure troves.[81]

Today, however, the collections of currency samples evaluated by Grierson and Duplessy constitute a somewhat minuscule potion of the numismatic evidence available – as studies by other scholars, such as de Villard,[82] Bloch,[83] Lombard,[84] Morrison,[85] and Noonan[86] have evaluated additional groupings contained in vast hoards of so-called "Kufic" coins found in Western Europe.[87] François-J. Himly likewise analyzed Islamic coin hoards from England dating to as early as 106/724, as well as similar finds in Italy, France, and Germany.[88]

Hundreds of Umayyad coins likewise have been found as far north as the Baltic coast, Sweden, Norway, and Denmark. These troves contain issues of caliphs Walīd I, Yazīd II, Hishām, Walīd II, and Marwān II dating to the 2nd/8th century. A single such hoard in Gotland, for instance, contained over 4,000 Arab *dirhams*. ᶜAbbāsid currencies, coined in the reigns of such caliphs as Hārūn al-Rashīd, al-Ma'mūn, al-Mutawakkil, and others in the early 3rd/9th century, are also featured in these

81 J. Duplessy 1956, p. 119. Even these limited troves, however, suggest a very wide-ranging trade, as their sites were quite geographically diverse – dispersed throughout the European region, ranging from such sites as Anton, Arundel, Castel-Roussillon, Cordes, Chaunay, Contres, Bologne, Venice, Ilanz, La Grasse, Moudon, Steckborn, Muizen-les-Malines, Le Monestir-del-Camp, Vernoux, Saint Romain, La Rochelle, Le-Poire-sur-Velliure, Liminec, Meslay-le-Vidame, Ypres, Aernhem, and Njorden on the continent – to Whitehorse, Eastborne, Flaxton, Goldborough, Skaill Bay, Skye, Dean, Douglas, Cuerdale, London, and other areas of what now is Britain (see J. Duplessy 1956, art. cit., passim).

82 M. de Villard 1919, pp. 22–38, 73–112, 125–138; idem. 1920, pp. 169–232, idem. 1921, pp. 191–218.

83 M. Bloch 1933, pp. 1–34.

84 M. Lombard 1933, passim.

85 K. Morrison 1963, pp. 410 ff.

86 T. Noonan 1974, 1977, 1978, 1980, 1981, 1982a, 1982b, 1984a, 1984b, 1986, all passim.

87 For other early descriptions of these Western European "Kufic" coin hoards, see H. Christmas 1862, passim; J. Kenyon 1840, passim; E. Hawkins 1842, passim; W. S. W. Vaux, 1861, passim; A. Markov 1910, passim; P. C. Boeles 1911, passim; C. M. Fraehn 1837, passim; F. Jecklin 1906–1907, passim. For early reports of coins and coin hoards dating to the Merovingian and Carolingian eras, see M. Prou 1892, passim; idem. 1896, passim; F. Vercautern 1934, passim; A. B. Richardson 1891–1892, pp. 225–240, passim.

88 F.-J. Himly 1955, pp. 48 ff.; see also C. Cahen 1977e, pp. 324 ff.; J. Brutkus 1943, p. 33; S. Bolin 1953, p. 13.

troves. Indeed, a total of 1,247 ᶜAbbāsid coins were found in the Gotland hoard alone.[89] The cumulative weight of the numismatic evidence that they present thus suggests that a significant medieval East-West trade did, in reality, take place.

Using metrological analysis, Sture Bolin has demonstrated, in fact, a remarkable correlation between the weights of the Frankish *denarius* and the Islamic *dirham* extending well over three centuries – producing findings that strongly suggest that the weights and values of the *denarius* were directly dominated by the prevalence of the superior Islamic silver coinage circulating within Western Europe throughout this period.[90]

He also demonstrates, using Islamic sources, that Islamic silver coinage was spent in Christian Europe for the purchase of eunuchs, slaves, furs, swords, and a significant variety of other commercial commodities. His conclusion is that, rather than shunning the *Dār al-Islām* commercially, "Carolingia" actually strove to emulate it monetarily.[91]

Other numismatic evidence conclusively proves, moreover, that Europe, at times, imitated Islamic money epigraphically as well as metrologically – as it appears that so respected was Muslim currency within the region that European rulers took to emulating it to facilitate their indigenous merchants' entries into the commercial marketplace. Certain of Charlemagne's initial currency issues, for instance, even bore Arabic inscriptions, including a quote from the Qur'ān.

Medieval European literature likewise abounds with references to the *mancus* – referring alternately to then market-prevalent Arabic *dīnārs* or to sundry European imitations of them. The singular, *mancus,* is often interpreted as having derived from the Arabic passive participle: *manqūsh,* which means to have been engraved or chiseled, from the verb *naqasha,* to engrave or to inscribe.[92]

89 See W.S. Linden 1938, pp. 124 ff.; idem. 1941, pp. 74 ff.; R. Skovmand 1942, pp. 13 ff.; A. Lewis 1978, p. 215.

90 See S. Bolin 1953, pp. 12 ff.

91 S. Bolin 1953, pp. 20 ff.; likewise see H. Adelson 1962, pp. 40–41; R. Hodges 1982, p. 8. The Byzantines also often emulated Islamic currency, at times even overstriking their *miliarèsia* onto Muslim *dirham* prototypes. Thus the Christian motto "IHSYS XRISTYS NICA" ("Jesus Christ conquers"), at times, came to efface the Islamic declaration of faith.

92 Hans Wehr 1974, p. 991. See al-Maqrīzī (1967), who makes frequent reference to coin striking using the verb *naqasha* for instance (pp. 9, 15):

> *Wa nuqisha bi-ahad al-wajhayn: 'Muḥammad Rasūl Allāh';*
> *Kānat al-darāhim qabla dhālika manqūshah bi'l-fārisīyah.*

The research of Marc Bloch suggests that the *mancus* first appeared in Italy in 161/778; and soon thereafter became the prime basis for concluding most official currency transactions throughout the region.[93] So prevalent had the *mancus* become in the marketplace, he demonstrates, that its exchange rate had a fixed value of 30 local *derniers.*[94]

Documentary sources also provide a significant wealth of evidence testifying to widespread public acceptance of the *mancus*. The 2nd/8th century English monarch, King Offa of Mercia, for instance, is reported having agreed to pay 365 gold *mancussi* in annual tribute to Pope Adrian I at the Holy See in Rome.[95] A Carolingian charter issued by Charlemagne specifies that the clergy of Verona be reimbursed in *mancolos.*[96] Another official document reveals that the cities of Istria – Pola, Parenzo, Triest, and Albona – paid tributes denominated in *mancosos.*[97] In 256/870, the Bishop of Metz included five *mancussi* in his inventory of the church holdings at Saint-Trond.[98]

In his will, King Eadred (d. 344/955) ordered 2,000 *mancussi* to be struck in commemoration of his presumed impending death.[99] In the 4th/10th century, official commercial regulations of Italy's Lombardy regime specified a 1,000 *mancussi* fine for anyone doing harm to a certified merchant of Pavia.[100]

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93 M. Bloch 1933, pp. 14–15, quote:

> "De ces diverses monnaies, le *mancus* parait avoir été la plus fréquente. Les sous d'or n'avaient pas encore tout à fait cessé d'être frappés que déjà le *dīnār* arabe se répandait sur l'Occident. On le recontre dés 778 en Italy. Vers l'an 800, c'est en *mancus* que l'Istrie verse ses impôts au fisc carolingien; en *mancus* aussi qu'en 786 le roi de la lointaine Mercie, l'anglo-saxon Offa, promet de payer tous les ans le tribut dû à Saint-Pierre."

(Bloch's observation is supported by sundry extant numismatic specimens.)

94 M. Bloch 1933, pp. 14–15.

95 P. Grierson 1979a, p. 1067; S. Bolin 1953, p. 13; J. Allan 1914, pp. 77 ff.; M. de Villard 1919, p. 95, and note 5 in particular; P. Spufford 1988, pp. 50–51.

96 F. Ughelli 1730, vol. 5, nos. 705–706; E. F. Böhmer and E. Mühlbacher 1908, no. 597.

97 F. Ughelli 1730, vol. 5, nos. 1097–1100; L. M. Hartman 1908, vol. 3, pp. 28–32.

98 *MGH: Poetae aevi Karolini,* vol. 1, p. 498; *MGH: Gesta Abbatum Trudonesium,* vol. 1, p. 3; *MGH: Scriptores Sacri*, vol. 10, p. 231; M. Bloch 1933, pp. 14–15.

99 *Select English Documents of the Ninth and Tenth Centuries* 1914, pp. 35 ff.; *Liber Monasterii de Hyda* 1866, p. 154; M. Bloch 1933, pp. 12–13; P. Grierson 1979a, p. 1063.

100 *MGH: Scriptores Sacri*, vol. 30, pt. 2, p. 1454; H. Adelson 1962, p. 155.

Indeed, in the 3rd/9th century, even Pope John VIII seems to have entered into the "emulated currency business," buying a tenuous peace for his central Italian provinces by agreeing to offer to its pernicious Muslim sea raiders a 25,000 silver *mancussi* tribute payment.[101]

As proof of provenance, in fact, several such *mancussi* remain. A specimen issued by King Offa, for instance, reveals a direct imitation of the Arabic inscriptions on the *dīnārs* then being issued by his Muslim contemporary, the ᶜAbbāsid Caliph al-Manṣūr. Dated 157/774, it also curiously displays the addition of the inscription "*Offa Rex*" but engraved upside down in relation to the standard Arabic epigraphy. Some scholars have speculated that this coin is the one of a lot struck for inclusion as part of the aforesaid 365 *mancussi* annual tribute to the Holy See.[102]

Still others of this type of coin specimens have similarly survived – including one of a vintage prior to 263/877 found at Maysan, in Brabant; another dating to between 106/724 and 125/743 found at Eastborne, in England; and another uncovered near Bologna that appears to have been minted circa 205/820.[103]

Hence, the weight of numismatic evidence tends to support medieval Islamic and European textual sources indications positing no inconsequential amount of commerce between the *Dār al-Islām* and Christian Europe within the 2nd/8th–3rd/9th century period – notwithstanding that the number of remaining coin specimens attesting to this trade is undeniably somewhat less than the total of those found in the Baltic region and central Russia as described above.

Admittedly, this is a slightly curious numismatic phenomenon – for it is generally acknowledged that contemporary Islamic civilization was perceptibly economically and commercially superior to that of its West European Christian counterpart in this 2nd/8th–3rd/9th century time frame.

But though the West did not possess a broad variety of goods to market in the Islamic East, what it *did* offer was strategic military logistic goods – slaves, wood, and iron weaponry – and as previously indi-

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101 ᶜA. S. ᶜAṭīyah 1962, p. 166.

102 C. Oman 1961, p. 19; R. M. H. Dolley 1961, pp. 50–51 and p. 62, footnote 38; P. Beltran 1958, p. 87; P. Grierson 1979a, p. 1067; J. Allan 1914, pp. 77 ff.; R. Hodges and D. Whitehouse 1983, p. 120.

103 See *Bulletin des Musées Royaux à Bruxelles* 1909, p. 74; *Numismatic Chronicle* 1914, pp. 79, 84; M. Bloch 1933, p. 14.

cated, there was now a definite brisk and ongoing trade in these commodities. In this commercial context, then, the European economic historian R. S. Lopez posits a highly likely positive balance of payments in favor of Europe in ongoing Carolingian-ᶜAbbāsid trade:[104]

> There is no real direct way to calculate the balance of payments in the trade of Catholic Europe with the Byzantine and Muslim East. But all that we know about the vast economic and cultural gulf which separated these worlds, and about the goods that were prevalent in the exchanges between them enables us to venture a guess.
> In all probability, early medieval Europe, with its crude society of affluent lords and penniless peasants, behaved toward the vastly more refined and complex societies of Byzantium and Islam like any other backward country does that doesn't crave for many outlandish manufactured goods and enjoys an excess of raw materials available for export. Ordinarily, in such cases, the payments balance is favorable to the backward country.

In other words, if Lopez is correct, the preponderant flow of currency should have been from East to West and not from West to East. But such a posited flow, as noted, is not fully substantiated by extant numismatic evidence.

Notwithstanding, three plausible explanations, or some combination of them, may explain this phenomenon. One hypothesis, advanced by Morrison,[105] Hodges,[106] Bolin,[107] and Bloch,[108] is that, in keeping with then contemporary monetary practice, Islamic coins were melted down to either create treasure for the Church or merely to purge them of their Islamic inscriptions and recast them as indigenous currency. According to this interpretation, then, all coinage entering the Carolingian domain went directly into the "melting pot."

Indeed, the aforesaid dispute that took place between the caliph ᶜAbd al-Malik b. Marwān and the Byzantine emperor Justinian II circa 73/692 over the religious inscriptions on imported papyri and money cited by al-Balādhurī contributes to such speculation, suggesting a possible Christian sensitivity to *internally* transacting commerce in currency bearing the inscriptions of Islam – though in *external* trade, as noted, the imprimatur of such epigraphy was deemed to be a quite significant mar-

104 R. S. Lopez 1986, pp. 135–136.
105 K. Morrison 1963, pp. 430–431.
106 R. Hodges 1982, pp. 8, 154.
107 S. Bolin 1953, pp. 10 ff.
108 M. Bloch 1933, pp. 12–13.

ket asset.[109] Lending credence to this coin "meltdown" hypothesis, as observed by Claude Cahen, is the fact that: [110]

> At the precise times that the texts frequently mention the *mancus,* the coins that we have now discovered in the West contain almost no gold *dīnārs.*

In this supposition, Cahen is supported by medieval European economic historian Georges Duby, who asserts:[111]

> Taking this regal power into their own hands, the leaders of the Frankish people intended to reserve the monopoly of money for themselves. The subjects were compelled to melt down foreign coins, which explains the absence in the Carolingian Empire of the Arab *dirhams* that abound on the more barbaric fringes of Europe. For its rulers had prescribed a uniform type of coin.

Finally, there is the compelling corollary observed by Karl Morrison, who has studied posited close linkages between sundry currencies and Carolingian trade that despite textual source suggestions of a brisk and active trade between Gaul and Anglo-Saxon England throughout the reign of Charlemagne – a commercial flow that continued strongly through the rule of Louis the Pious, his son and successor, as well – no Anglo-Saxon coins have been found within the confines of the "Holy Roman Empire" dating to this period either.

A supporting, and even more plausible, hypothesis, however, is that advanced by Phillip Grierson who claims that Christian Europe, at this time, sold gold ingots to Byzantium – thus making it not at all inconceivable that at least some portion of the incoming Muslim *dīnār* flow then being received in commerce was being melted down for this re-export purpose.[112]

In this proposition, he is supported by fellow economic historian of medieval Europe, Robert La Touche, who speculates that while the direct sales of foreign coins were probably not permitted within the Carolingian markets, gold ingots likely were available.[113]

Sture Bolin lends credence to this "currency meltdown" theory in contending that the Frankish kingdom was then still pursuing a long-

109 On this, see al-Balādhurī 1978, pp. 241–242; R. Hodges and D. Whitehouse 1983, p. 120.

110 C. Cahen 1981, p. 9.

111 See G. Duby 1974, pp. 143 ff.

112 P. Grierson 1979a, pp. 1071 ff.; see also S. B. Clough 1959/1968, p. 73.

113 R. LaTouche 1967, p. 247.

standing policy of "territorial validity" whereby only its own locally produced coins were recognized as official tender in indigenous markets:[114]

> Any type of coin was valid only within a limited area, and within that limited area, only one type of coin could be used. Thus, within the Frankish empire, the currency was limited by national boundaries as early as Merovingian times and the beginning of the Carolingian period. This limitation was rigid. For purposes of international trade, only the "national" coinage might be used and the area of validity of coins thereafter became more restricted still. From the beginning of the ninth century, then, coins had only territorial validity.
> This reality implied that by the onset of the Carolingian period, no foreign coins whatsoever could be used within the boundaries of the Frankish empire; all foreign coins now had to be reminted as "Frankish" coins – that is, they were melted down and the metal was then used to make Frankish derniers.
> For then, as coins possessed a merely territorial validity, the *derniers* from one area of circulation in the Empire had to be melted and reminted in the very exact same way whenever they crossed a territorial frontier.

Summarizing this "territorial sovereignty" hypothesis, then, it appears quite likely that those Islamic coins not required for immediate export to underwrite ongoing counter-trade with the *Dār al-Islām* might well have been melted down simply because they were of no monetary value for internal commercial transactions within the Carolingian realm – save as precious metal bullion recast as "art objects" or re-exported to achieve a more favorable international balance of payments.

Certainly, in light of the textual evidence of significant ongoing trade between the *Dār al-Islām* and Carolingia previously described, this latter explanation would, at least partially, explain the relatively lesser number of Islamic currency specimens found in Western Europe when compared with the voluminous coin hoards found in central Russia and the Baltic region.

It would similarly explain the abundant availability of precious metal bullion for the creation of magnificent church *objets d'art*, such as the golden canopy erected over the body of St. Marcel at Chalon-sur-Saône – as well as Charlemagne's subsequent shift to a heavier silver *dernier* circa 178/794.[115]

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114 S. Bolin 1953, p. 1.

115 See P. Grierson 1979b, pp. 525 ff.; N. J. G. Pounds 1974, pp. 78–80; G. Duby 1974, pp. 97 ff.

This supposition likewise is supported by several acknowledged trade realities. Chief amongst them, it is known there was now a sharp disequilibrium in the gold-to-silver exchange rate amongst the various commercial regions – a differential that likewise could have substantially contributed to the disappearance of gold in the Christian West. For the prevailing gold/silver ratio, it appears from a variety of medieval sources, was then 1:12 in Carolingia; 1:14 within the *Dār al-Islām* itself; and 1:17 in Byzantium.

These disparate ratios thus clearly would have made it advantageous for the West to export its gold to Byzantium, there requited by Byzantine silver, which could then be used to mint Frankish coins. The contemporary Muslims, at the same time, would most likely have had sufficient indigenous gold and silver reserves to effectively commercially compete in each of the three marketplaces.[116]

This hypothesis, involving quite sophisticated currency arbitrage – a technique then known to both East and West – thus represents a critical new dimension to the present inquiry – providing a decidedly different, and palpably more plausible, explanation of the directions and flows of medieval East-West trade than that offered by Pirenne – while concurrently demonstrating a largely uninterrupted flow of vital foreign commerce.

5.4. The Structural Dimensions of Fāṭimid-European Commerce

As with the earlier eras discussed, understanding the economic dynamic of the later medieval Mediterranean basin must perforce commence with commerce – a crucial East-West exchange of goods and services that gradually progressed in scope as the Fāṭimid Ismāʿīlī caliphate evolved, and indeed eventually led to, and likely even resulted in, the Crusades.

In tandem with this dynamic ongoing trade, moreover, was the ever-increasing transmission of "trade ideas" – powerful economic ideologies, particularly from the Islamic front, that, culminating during the Crusades, would ultimately contribute greatly to the Christian European commercial renaissance in abetting its ultimate escape from "Dark

116 C. Cahen 1981, pp. 11 ff.

Age feudalism." This evolution, profound in its cross-cultural impact, is a concluding concerted focus of this inquiry.

Yet to fathom the motivations underlying the Fāṭimids' economic *raison d'être*, it is imperative to develop an understanding of the nature and full extent of their imperial ambitions. For though their international mercantile network was "global" in scope, midway through their rule of Egypt, a primary directional focus of their contemporary commercial outreach was Western Europe, and the Italian city states – which spearheaded Western trade in eastern North Africa, in particular – and were also then the prime intermediaries of East-West trade.

From a strategic standpoint, the fact that the Fāṭimids and the Italians would now build a productive trading partnership was quite natural – as the Ismāᶜīlī caliphs' long-held dreams of world empire made the presence of enterprising merchants who could provide them with crucial weaponry, timber, iron, and other strategic military materials welcome within their realm.

Accordingly, there is indisputable evidence that while still in North Africa, even prior to their conquest of Egypt in 358/969, the Fāṭimids had fostered positive trade relations with the Italian states of Venice and Amalfi. Indeed, it was these suppliers who brought to them timber, iron, pitch, hemp, and the other crucial raw material inputs that enabled them construct and equip the naval fleet that a few decades later would invade Egypt's harbors.[117]

Italian logistics support of the Fāṭimids' preparatory war efforts would eventually become so critical, in fact, that in 360/971, the Byzantine emperor John Tzimisces – facing an impending confrontation with Fāṭimid forces in the Levant – attempted to enjoin the Venetians not to provide weapons, ship-grade timber, iron, and like materials to the Muslim enemy – while threatening to seize and burn their maritime fleet if they failed to comply.[118]

There is likewise substantive documentary evidence that prior to the coming of the Fāṭimids to Egypt, a number of merchants from Italian

117 See M. Amari 1863, p. 71, note to "*V Diploma;*" C. Cahen 1965a, pp. 75–77; A. Citarella 1967, p. 301; idem. 1968, p. 543; W. Heyd 1885, vol. 1, pp. 49, 99–108, 124–125, 188, 385 ff.; C. Becker 1924, vol. 1, pp. 146 ff., pp. 201 ff.: B. Lewis 1949–1950, p. 52.

118 G. Tafel and G. Thomas 1856, vol. 1, pp. 25–30; W. Heyd 1885, vol. 1, p. 113; S. Stern 1986, art. 5, pp. 537–538; A. Citarella 1968, p. 538, note 24; F. Ḥ. M. ᶜĀshūr 1980, pp. 169–171; I. Ḥassan 1958, p. 612; M. Surūr 1960, pp. 175–176, 202–203; A. Lewis 1951, pp. 218–219; R. al-Barrāwī 1948, pp. 224–226.

cities were already active in the Nile basin – indicating, among other things, that Venetian galleys were present in the port of Alexandria in 212/827; and further, that throughout the 3rd/9th century, Venetians were engaged in shipping lumber, iron, and similar strategic war materials to Egypt.[119] A Hebrew document dated Jumādā al-Awwal 348/July 959, likewise refers to a contemporary "Greek market" serviced by Italian merchants operating in al-Fusṭāṭ.[120]

Immediately after the Fāṭimid conquest of the Nile region, moreover, it appears that the level of ongoing European-Egyptian trade increased significantly. Gaeta is reported in direct trade with Cairo commencing in 262/973.[121] The city was also visited by Amalfitan traders in 367/978. Indeed, Amalfi concluded a commercial accord with the Fāṭimids in that year; and outposts of Amalfitan merchants were established in Cairo, Alexandria, and throughout the Levant soon thereafter.[122] Certain medieval chronicles indicate, in fact, the presence of approximately 160 Amalfitan merchants then operating within the "*Dār al-Manākh,*" a trade exchange in al-Fusṭāṭ in 386/996; and that a sizable number of them were killed in a serious altercation with some Egyptian citizens in that year.[123]

Apparently undeterred by this setback, however, there is concurrent evidence that by the onset of the 5th/11th century, with the active support of Egypt's Fāṭimid rulers, they had established mercantile colonies not only in Cairo and Alexandria, but also in Antioch, Jerusalem, and other key Levantine trading centers within the Ismāᶜīlī domain.[124]

119 A. Landra 1916, pt. 1, p. 85; G. B. Depping 1830/1970, vol. 1, p. 195; R. al-Barrāwī 1948, pp. 223–224; J. W. Thompson 1959, vol. 1, pp. 320–321.

120 S. D. Goitein 1967, p. 50; idem. 1973a, p. 26.

121 R. Bautier 1965, p. 7; idem. 1971, p. 67.

122 See M. Amari 1863, p. 71, note to "*V Diploma;*" R. Filangieri 1917, vol. 1, pp. 114–115; A. Citarella 1967, p. 310; J. W. Thompson 1959, vol. 1, p. 330.

123 On these developments, see Yaḥyā b. Saᶜīd al-Anṭākī 1909, p. 178; also contained in *Patrologia Orientalis,* vol. 23, pp. 451–458; al-Maqrīzī n.d., vol. 2, pp. 195–196; S. Stern 1986, art. 5, pp. 533–534; R. al-Barrāwī 1948, p. 224; S. D. Goitein 1957, pp. 50–51; R. Bautier 1971, p. 67; E. A. Ashtor 1976, p. 196; see also S. D. Goitein (1967–1973, vol. 1, pp. 329, 484, note 14) describing an incident involving the arrival of Amalfitan merchants in Alexandria midway through the 5th/11th century seeking to free a number of imprisoned Jewish colleagues.

124 William of Tyre. *A History of the Crusades,* vol. I, p. 10, vol. 18, p. 4, cited in A. Citarella 1967, p. 311, note 85; idem. 1968, p. 545; W. Heyd 1885, vol. 1, pp. 102–108.

Pisa also maintained an official commercial exchange (*funduq*) in Alexandria throughout much of the Fāṭimid era; and in 539/1144, that city concluded a treaty to establish a second one in Cairo. The scope of this pact was extremely wide-ranging, consisting of various non-aggression clauses, a commitment on the part of Pisans not to give aid to the Crusaders, a guarantee of safety for Pisan merchants in Egypt, and release from custody of 25 Italians who had been detained by the Fāṭimids.[125]

Indicative of the brisk trade ongoing between the Pisans and the Egyptians, M. Amari's comprehensive compendium of diplomatic documents, a longstanding orientalist reference, contains no less than fourteen correspondences highlighting noteworthy aspects of bilateral commercial relations between rulers of Egypt and Pisa in the Crusader era, many involving Egyptian demands for iron, timber, pitch, and other critical commodities required for the ongoing production of military machinery.[126]

The Venetians similarly maintained a prominent commercial presence in Egypt throughout much of that country's two centuries of Fāṭimid rule – with the onset of the Crusades appearing to have done little to impede the course of that relationship – as the latter's merchants steadfastly maintained their longstanding neutral trading policies throughout this entire era.

Indeed, even at the height of the Muslim-Crusader confrontation, Egypt's ruler, Salāḥ al-Dīn al-Ayyūbī ("Saladin") was able to contract a key agreement with the doges of Venice calling for commercial cooperation, particularly in the procurement of military goods. On 18 Shaᶜbān 598/14 May 1202, Salāḥ al-Dīn's successor, the sulṭān al-ᶜĀdil, likewise succeeded in concluding a major agreement with the Venetians granting a commercial facility (*matjar*), a number of hospices (*fanādiq*), a church, and private bath in Alexandria in exchange for their commitment not to participate in any further campaign against Egypt.[127] Again indicative of this level of ongoing commerce, L. de Mas-Latrie has preserved elev-

125 Ṣ. Labīb 1970, p. 66; R. al-Barrāwī 1948, pp. 219–223; W. Heyd 1885, vol. 1, pp. 102 ff., 392–396; M. Surūr 1967, pp. 249–251.

126 M. Amari 1863, pp. 60, 70–71, 81–82, 257–268, 282–290.

127 Ṣ. Labīb 1970, pp. 66–67; W. Heyd 1885, vol. 1, pp. 396–401, 409–411; F. Ḥ. M. ᶜĀshūr 1980, "Introduction," p. z, pp. 175–177, 181 ff., 191 ff.; F. C. Lane and M. A. Hodgson 1901, pp. 430–431; N. Stillman 1975, vol. 16, pt. 1, p. 15.

en separate official documents issued to promote trade relations between Egypt and Venice in this period.[128]

Genoa's direct trade with Fāṭimid Egypt, in turn, appears to have commenced in earnest with a commercial treaty concluded between the parties in 455/1063, and thereafter likewise grew to be quite lucrative. Specific items sought by the Genoese merchants in Egypt and its southern Levantine territories included spices, sugar, dates, fruits, fish, oils, candles, balsam, woolen clothes, cotton, linen, silk, carpets, porcelain, glassware, alum, natron, perfumes and incense, and precious and semi-precious stones. Key products brought by its merchants from Italy to Egyptian ports, in counter-trade, on the other hand, included wood, copper, iron and other metals, furs, European clothes, wines, and most importantly, slaves.

Indeed, throughout the course of the Crusades, Genoese and Egyptian rulers would contract numerous additional new commercial agreements, several of which called for the Genoese to provide slaves for Egypt's slave (*mamlūk*) army. Over time, in fact, Genoa would supplant Venice as the region's principal slave merchant, ultimately even providing the manpower that enabled Egypt's regime to militarily eliminate the Crusader kingdom from the Islamic East employing a conscripted paramilitary.[129]

The Geniza documents concurrently present ample evidence describing this era as one of abundant Fāṭimid-Italian trade. One such document dating to the mid-5th/11th century cites the arrival in Cairo of an Amalfitan ship bearing silk, honey, and other goods.[130] Another refers to the anticipated imminent arrival of other ships from Genoa bearing Western goods and the expected arrival of three ships from Spain.[131] Yet another document is the correspondence of a merchant

128 L. de Mas-Latrie 1866, "*Appendices,*" pp. 70–88, 211 ff., passim; G. Tafel and G. Thomas 1856, vol. 1, pp. 185–187, 336–341, 416–418, 483–489.

129 L. de Mas-Latrie 1866, p. 266; M. M. al-Thunānī 1981, vol. 1, pp. 53 ff., 84 ff., vol. 2, pp. 296 ff., 307 ff., 338 ff.; A. S. Ehrenkreutz 1981, pp. 335 ff.; ᶜA. S. ᶜAṭīyah 1962, pp. 178, 181–186; R. al-Barrāwī 1948, pp. 217–219; A. Landra 1916, pt. 1, p. 87; E. Byrne 1920, pp. 215 ff.; R. S. Lopez 1964, pp. 448–450; W. Heyd 1885, vol. 1, pp. 104 ff.; J. W. Thompson 1959, vol. 1, p. 405.

130 See S. D. Goitein 1967–1973, vol. 1, pp. 46, 402, note 33; A. Citarella 1968, p. 544.

131 Manuscript from Taylor-Schechter Collection, "TS 10 J 16, f.17," in the Cambridge University Library, cited in S. D. Goitein 1967–1973, vol. 1, p. 43; A. Udovitch 1977, p. 149.

who was involved in the export of pepper and incense from Cairo to Amalfi.[132]

A Geniza document addressed to the Fāṭimid caliph al-ᶜĀmir (d. 524/1130) refers to the arrival of a European commercial timber-bearing vessel whose passenger manifests included both Amalifitan and Genoese merchants;[133] while another cites the berthing of two Venetian ships bearing timber.[134] Likewise, a memorandum notes the arrival in Alexandria of six Venetian ships bearing "great volumes of precious goods," and numerous others refer to the importation of chests, cupboards, bedsteads, and other furniture from Europe.[135] Yet another Geniza document laments the delay in arrival of a shipment of a variety of commodities expected on an Italian vessel;[136] while still others describe prospective exports of alum, flax, spices, and other products to European merchants.[137]

Such documents thus leave little doubt that Mediterranean trade in the 5th/11th–6th/12th centuries was characterized by a flourishing Egyptian-Italian mercantile exchange. Indeed, at one point in 583/1187, some 37 commercial ships from various Italian merchant cities were reportedly simultaneously visible in the port city of Alexandria. Of this buoyant trade, the 6th/12th century Crusader chronicler William of Tyre writes:[138]

> Alexandria enjoys the reputation of receiving a larger supply of wares of all descriptions than any other seaport. Whatever our world now lacks in spices, pearls, oriental treasures, and foreign wares is brought there from the Indies, Sabā', Arabia, and from Ethiopia, Persia, and other lands nearby. Thus, masses of people from East and West flock there, making Alexandria the public mart of both worlds.

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132 S.D. Goitein 1967–1973, vol. 1, pp. 325, 484, note 80; A. Citarella 1968, p. 544.

133 Manuscript from Taylor-Schechter Collection no. "TS Arabic Box no. 38, fol. 138," in Cambridge University Library, cited in S. Stern 1986, pp. 532–534.

134 See manuscripts in Taylor-Schechter Collection nos. "TS J 31, f.13," and "TS 6 J 3, f.33," in Cambridge University Library, cited in S.D. Goitein 1967–1973, vol. 1, pp. 301, 465, note 1.

135 See manuscript from the E.N. Adler Collection, Jewish Theological Seminary, New York, no. "2738, f. 7," cited in S.D. Goitein 1967–1973, vol. 1, pp. 304–305, 475, note 13 (see also ibidem. vol. 1, pp. 46, 402, note 32); A. Citarella 1968, p. 544.

136 See S.D. Goitein 1967–1973, vol. 1, pp. 303, 475, note 12.

137 See S.D. Goitein 1967–1973, vol. 1, pp. 301 ff., passim.

138 William of Tyre, quoted in J. Prawer 1972, p. 141; W. Heyd 1885, vol. 2, p. 399; Ḥ. Rabīᶜ 1964, pp. 51–52; A. Udovitch 1977, p. 144.

From similar Geniza documents, it is equally evident that a significant variety of products was involved in this burgeoning trade exchange between Europe and the Fāṭimid realm – as a partial list of such commercial commodities compiled by Heyd includes:[139]

> aloes, alum, amber, balsam, benzoin, aloe wood, sandalwood, rosewood, camphor, cinnamon, cardamom, cassia fistula, coccusilicis, coral, costus-root, galanga, cotton, frankincense, rubia tinctorum, ginger, a variety of gums, indigo, ivory, laudanum, macis, manna, mastic, mumia (a tar-like mineral), musk, prunes, cynips, gallae tinctoriae, pearls, precious stones, black pepper, long pepper, rhubarb, saffron, root of convolvulus scammonia, tutia, and root of curcuma zedoaria roscoe.

Testimony of Geniza business records documenting this ongoing flow of Italian-Egyptian trade is supported by the chronicled evidence presented by the medieval Arabic sources as well. Al-Makhzūmī, in *Kitāb al-Minhāj fī ᶜIlm Kharāj Miṣr,* a technical manual describing fiscal and economic practices of the later Fāṭimid and Ayyūbid eras, for instance, refers to the continuing presence, in his time, of Genoese and Venetian merchants in Egypt, as well as a documentation of the goods in which they traded.[140]

Al-Maqrīzī describes numerous commercial exchanges (*matājir*) and caravanserai (*fanādiq*) that had been established to accommodate European merchants – as well as to special warehouses (*makhāzin*) established by the Fāṭimid rulers to store timber, weaponry, and other "Frankish" products.[141]

A later medieval Egyptian technical manual for governmental officials that documents administrative procedures to be employed in state ministries likewise describes in fascinating detail the differing types of government employed in various Italian city states – and even prescribes the specific forms of address to be used in correspondence with Italian officials of various ranks.[142]

This Fāṭimid-Italian commercial link thus played a vital role in the functioning of the medieval Egyptian macroeconomy – with the Geniza

139 W. Heyd 1885, vol. 1, p. 165; S. D. Goitein 1967, pp. 53–54; ᶜA. S. ᶜAṭīyah 1962, p. 185.

140 Al-Makhzūmī n.d., cited in C. Cahen 1964, pp. 223–225.

141 See al-Maqrīzī n.d., vol. 1, p. 444, vol. 2, pp. 86–107; C. Cahen 1983, pp. 133 ff.

142 Al-Qalqashandī 1914–1921, vol. 8, pp. 46–48; ᶜ*Umarī* 1883, text, pp. 96–97, trans., p. 80; ᶜA. Zaytūn n.d., p. 33; A. Samarrai 1972, p. 321; F. Ḥ. M. ᶜĀshūr 1980, pp. 173–174; B. Lewis 1982, pp. 96 ff., 210 ff.

documents presenting compelling evidence that it was nearly indispensable to the ongoing successful functioning of contemporary business operations.

Indeed, when a minor trade dispute between the Fāṭimid government and certain Genoese merchants around the turn of the 6th/12th century resulted in the merchants' imprisonment, the altercation is said to have caused havoc in the marketplace, as a contemporary business letter laments:[143]

> The sulṭān imprisoned the Genoese, which caused concern amongst the "Rūm", and now no goods can be sold because of this. It appears that this downturn will be long-lasting, as everybody's business has come to a halt.

In a similar vein, a Geniza business letter dispatched some three decades later, dated 29 Ṣafar 527/10 January 1133, also indicates that prosperity in the medieval Egyptian marketplace directly hinged upon commerce with European customers: [144]

> This year, business is at a standstill, for no one has come from the West, and only a few merchants of "Rūm" have arrived.

Goods involved in East-West counter-trade were indispensable to European industry as well. Among them, alum was employed in fixing the colored dyes in textiles. Spices such as pepper, cinnamon, and cloves were needed for seasoning, especially for preserving meats and other consumable perishables in a period when refrigeration facilities were primitive. Certain herbs were also vital in medicinal compounds.

Pearls, precious and semi-precious stones, and other minerals were employed in the manufacture of jewelry. Still other key imports from Egypt critical to the European economy included base metal ores from North Africa, *tirāz* and other textiles, natron, sundry oils, and glassware manufactured in the Levant.[145]

In sum, a quite broad variety of commodities sought by Italian vendors for resale to their European customers was available within the confines of the Fāṭimid empire, lending impetus to the influx of Italian

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143 Manuscript in the Bodleian Library, Oxford, no. "ms. Heb. b3 (Cat. 2806), f. 16" cited in S. D. Goitein 1967–1973, vol. 1, pp, 45, 402, note 24; A. Citarella 1968, pp. 546–547.

144 Manuscript in Taylor-Schechter Collection no. "TS 13 J 33, f.1," in Cambridge University Library, cited in S. D. Goitein 1967–1973, vol. 1, pp. 45, 402, note 23.

145 See F. C. Lane 1973, pp. 70–71; ᶜA. S. ᶜAṭīyah 1962, p. 185; A. Citarella 1968, pp. 543–544; C. Cahen 1963, passim.

merchants frequenting the Nile basin to avail themselves of its promising market opportunities – contributing, in no small part, to the unparalleled economic prosperity that then obtained in medieval Egypt.

Indeed, so lucrative were its market potentials, and so effective were Fāṭimid commercial policies, Ehrenkreutz contends, that the European merchants who now flocked to Egypt to capitalize on its buoyant economic activities were the actual "precursors of the Crusades."[146]

5.5. The Impact of the Crusades Upon Italian-Muslim Commerce

A. European Exports to the Levant

Beyond the panorama of their *religious* symbolism, the Crusades likewise were an *economically* significant event – a crucial turning point in the long history of medieval commercial relations between the Muslim East and the Christian West. For the Crusaders' arrival marked the first significant return of direct Western European trade contact with the Levantine Near East – absent Jewish, "Syrian," Greek, and Italian intermediaries – since that interchange was seriously disrupted during the 6th–10th century protracted demise of the ancient Roman Empire and the rise of its "Holy Roman" counterpart.

But though knights of northern and western Europe participated in the Crusades, it was the traveling merchants of the Italian city states who remained at the actual cutting edge of the Crusader movement – indeed, being the Crusades' precursors, as Ehrenkreutz has correctly asserted.[147] Their economic strategy, though simple, was explicit – to win formal and informal commercial preferences throughout the Near East, thereby achieving a near monopoly in the ongoing transit trade that involved its commodities.

With these objectives in mind, then, they put their maritime facilities at the disposal of the Crusaders – receiving, in exchange, valuable trading concessions and berthing franchises to establish special "free trade" economic quarters in the ports of Palestine and Syria.[148]

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146 On this, see A.S. Ehrenkreutz 1984, passim.
147 A.S. Ehrenkreutz 1984, passim.
148 On these developments, see G. Luzzatto 1961, pp. 73 ff.; G. Bratianu 1929, pp. 44 ff.; M.Ḥ.M. al-Thunānī 1981, vol. 2, pp. 312 ff., 338 ff.; M. Benvenisti

The Italian city states profited immensely from their intermediary trade role in the Crusades – including the award of the full development rights to one-third of the territory of each Levantine town captured in direct reward for their contributions in providing the necessary logistics support. Genoa, Venice, Pisa, and Gaeta led the way in establishing such concessionary merchant colonies.

In 494/1101, for instance, when some Genoese ships assisted in the conquest of Caesarea, their merchants were granted key marketing rights within the city and a large share of captured booty. Three years later, they were further granted development rights to a full one-third of the town as well as freedom from its official toll levies.

In exchange for their support in the capture of Acre in 497/1104, in turn, they were granted the first Italian merchant quarter within Jerusalem. Similarly, for their military logistics assistance provided in the siege of Tyre in 517/1123, the Venetians received special commercial concessions for their merchant quarter in Acre and one-third of the development rights of the towns of Tyre and Ascalon.[149]

The great autonomy that was afforded to Italian entrepreneurs in developing and administering such properties is evident in the aforesaid grant ceding rights to Tyre and Ascalon territories to the Venetians – as among other concessions, this grant, issued by Warmund, Patriarch of Jerusalem: (i) eliminated the customs duties on all Venetian commercial transactions contracted within the territories; (ii) invested Venetians with the authority to establish their own market regulations; and (iii), allowed all civil and commercial cases and disputes between Venetian citizens to be resolved by their own magistrates and in accordance with their own laws.[150]

Through the extensive use of such accommodations and facilities located in principal cities in the Latin Kingdom in the Levant, then, the

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1970, pp. 100–103. For additional details on this trade, see J. W. Thompson and E. N. Johnson 1937, pp. 556 ff., 564 ff.; P. Spufford 1988, pp. 151 ff.; A. S. Ehrenkreutz 1981, pp. 335 ff.; R. S. Lopez 1964, pp. 446 ff.; D. Abulafia 1987a, pp. 227 ff.; A. Lewis 1951, pp. 95 ff.; M. Knight 1926, pp. 107 ff.; W. Heyd 1885, vol. 1, pp. 111 ff.; J. Prawer 1972, pp. 135 ff.; R. H. C. Davis 1970, pp. 396 ff.; ᶜA. S. ᶜAṭīyah 1962, pp. 182 ff.; P. Hitti 1970, pp. 665–668; F. Heer 1961, pp. 80 ff.; R. Bautier 1971, pp. 100 ff.; H. Heaton 1948, pp. 135 ff., 151 ff.; S. B. Clough 1959/ 1968, p. 98; O. Cox 1959, p. 69.

149 H. Adelson 1962, p. 74; F. Heer 1961, pp. 80 ff.; G. Luzzatto 1961, pp. 73 ff.; M. Benvenisti 1970, pp. 100–103.

150 For the text of this grant, see G. Tafel and G. Thomas 1856, pp. 84–89; see also H. Adelson 1962, pp. 74–75, 164–166; G. Luzzatto 1961, p. 74.

city states of Venice, Genoa, Pisa, and Amalfi came to exert a profound influence throughout the course of the Crusades.

Indeed, as the Crusader movement matured, the economic interests of the Italian trading cities gradually, but steadily, assumed increasing precedence over the religious interests upon which the movement was founded to the degree that, from the onset of the 7th/13th century onward, it was not exclusively upon Jerusalem, but even more predominantly upon the commercial port cities of the Levantine coast – such as Acre and Jaffa, both critical to Italian mercantile interests – that the Christian knights' military attention came to be focused.[151]

A definitive economic history of the Crusader era has yet to be written. Until it has, and proper commercial and technological balances have been struck, it remains difficult to assess their full impacts upon the socioeconomic recovery that eventually led Western Europe from the depths of its enveloping 'Dark Ages' and the feudalism that was its byproduct.

But ample evidence does exist to begin to assess the considerable contributions of the Italian city states to that recovery. For the economic ramifications of their achievements, both preceding and during the Crusades, were immense – not only for the expansion of West European commerce but also for the continued development of innovative European business techniques – and both phenomena are worthy of further exploration.

For the Italian commerce that supported the Crusades was an undeniable development asset for both the Muslim East and the Christian West. Certainly, it was of abiding value in sustaining the Arabs' ongoing war effort. Salāḥ al-Dīn al-Ayyūbī ("Saladin"), champion of the Islamic counter-campaign to repel the Crusader movement, in a letter written to his sovereign, the ᶜAbbāsid caliph in Baghdad, in 578/1182, marvels, in fact, that the Italians were so readily willing to supply various critical war materials to the Muslims – knowing well that such "ecumenical" mercantile activities were supportive of the Islamic war effort and injurious to the Christian cause.[152]

But most certainly, such prospective conflicts of interest did not deter merchants of the Italian city states – particularly the Venetians and the Genoese – in their persistent pursuit of profit. Indeed, fully true to their stated slogan of being "Venetians first and Christians second," the

151 J. W. Thompson 1959, vol. 1, p. 413; M. Benvenisti 1970, pp. 100–103.
152 Ibn Wāṣil 1953–1960, vol. 2, p. 491.

former continued to negotiate binding commercial accords with the rulers of Egypt, the primary Islamic confrontational state involved in the Near Eastern defense against the two-centuries-long Christian incursion.

On 8 Ramaḍān 598/2 June 1202, for instance, emissaries from Venice contracted an accord with the Ayyūbid sulṭān al-ᶜĀdil affording that city's merchants a wide range of commercial concessions – including residential quarters in Alexandria, provisions for safeguarding their merchandise, and pledges of security for Venetian Christians making the pilgrimage to the Holy Land.[153]

Another agreement between the parties in 605/1208 extended the range of such concessions further still – and permitted them to market in a wider territory in the Nile valley – in exchange for a Venetian commitment not to aid a Crusader military attack upon Egypt. Beyond general pledges of security for Venetian citizens and property, this pact also (i) granted uncontested free trade to Venetian merchants, (ii) indemnified them against exorbitant tax levies, (iii) licensed them to establish two factories under their own jurisdiction; (iv) permitted all disputes amongst resident Venetians to be resolved by their own consul rather than by local Egyptian courts; and (v) provided for the import of wine by Venetian merchants. [154]

The Genoese similarly continued to make inroads into the Near East marketplace as a result of the Crusades. At the very onset of East-West hostilities, for example, in return for their logistics contributions to the siege of Antioch in 491/1098, they were awarded a church, a market, and 30 houses in the city. Given this ingress, then, within the next decade, Genoese merchants set out to establish commercial hospices (*fanādiq*) in the principal Crusader cities of Antioch, Acre, Tripoli, and Jerusalem.[155]

The key Genoese exports to the Levant in the Fāṭimid-Ayyūbid era reportedly generally consisted of materials required to sustain the war

153 F. Ḥ. M. ᶜĀshūr 1980, pp. 167 ff., 207–208, 247, 252 ff.; F. C. Lane and M. A. Hodgson 1901, p. 429; ᶜA. S. ᶜAṭīyah 1938, p. 115, note 1.

154 F. Ḥ. M. ᶜĀshūr 1980, pp. 209–210, 247–252; F. C. Lane and M. A. Hodgson 1901, pp. 432–434; W. Heyd 1885, vol. 1, pp. 401–404; P. Molmenti 1906, pt. 1, vol. 1, pp. 119–120, 429; T. Okey 1930, pp. 59–60, 73, 76, 105; P. M. Holt 1986, pp. 163–164.

155 E. Byrne 1917, pp. 131 ff.; idem. 1918, pp. 178 ff.; idem. 1928, pp. 139 ff.; idem. 1920, pp. 194 ff.; H. Kreuger 1933, p. 379; H. Heaton 1948, p. 152; H. Adelson 1962, p. 74.

effort – steel, copper, lead, nails, shields, chest armor, helmets, various furs, cloth, and, of course, slaves. Imports from the region, in turn, were items typical of the Levantine-Egyptian trade – Damascene steel blades, alum, natron, dyes, laquers, drugs, incense, mastic, indigo, cotton, cotton clothes, glassware, silk, rosewood, gall nuts, saffron, sugar, ginger, cloves, pepper, cinnamon, nutmeg, and other spices.[156]

The strategic commercial role of the Genoese in the Near East steadily increased, moreover, as the course of the Crusades progressed – as numerous embassies were made and still other commercial accords were reached between them and Egypt's *mamlūk* sultans in the second half of the 7th/13th century. Shortly thereafter, in fact, Genoese merchants assumed a preeminent role in Egypt's commerce, becoming the leading source of Circassian slaves for its military.

Genoa's economic supremacy on the Black Sea, combined with Egypt's strong and continuing demand for slave recruits from the Crimea to provide manpower for the ongoing Crusader war effort, in fact, soon made this an extremely lucrative trading partnership. Indeed, as noted, it was the slave soldiers provided to Egypt's *mamlūk* army who would provide the indispensable manpower that would ultimately enable it to eliminate the last vestiges of the Latin Christian kingdom from the Muslim East.[157]

B. Levantine Exports to Europe

The critical advantages to the Italian-Muslim trading partnership, however, were not decisively one-sided – as Christian Europe also benefitted enormously from the commerce of the Crusades. For while the merchants of the Italian city states now grew rich in transporting the Christian knights and their attendant logistics trains to the "Holy Land," merchants from Marseilles and other cities of southern France, Catalonia, and elsewhere likewise came to the Levant to capitalize on

156 Cf. *Historia Patriae Monumenta,* VI, "Chartarum II," nos. 335, 501, 508, 597, 644, 652, 734, 988, 1013, 1189, 1312, 1365; E. Byrne 1928, p. 171 (citing a manuscript in the *"Archivio Stato di Genova,"* Not. B. de For. Reg. II, f. 42"); idem. 1920, pp. 218–219; A.S. Ehrenkreutz 1981, pp. 335 ff.; R.S. Lopez 1964, pp. 446 ff.

157 P.M. Holt 1986, pp. 164–165; A.S. Ehrenkreutz 1981, pp. 342 ff.

this dramatic surge of commerce to bring both Western goods to the East and Eastern goods back in counter-trade.[158]

European customers now benefitted from the broad new range of consumer goods brought back to them by Italian ships on their homeward voyages as well. Over time, in fact, the major markets of medieval Europe came to depend heavily upon such cargoes from the Levant – to the degree that in the year 622/1225, when shipments from Alexandria were postponed for a number of months, this brief delay reportedly caused the price of pepper and other spices to rise markedly in markets throughout Western Europe.[159]

Documentary sources also suggest the diversity of commodities being imported by Europe from the Levant. The "commercial regulations" of Jerusalem, the capital of the Latin Kingdom, for instance, levied duties upon 111 separate commodities being exported from its various customs houses. These goods included sugar, indigo, musk, aloe wood, ivory, glassware, leather goods, dyes, silks, other fabrics– spices such as cinnamon, cardamom, cloves, galingale, and nutmeg – as well as sundry other categories of vendable merchandise.[160]

A Venetian statute regulating the commerce of Syrian holdings issued in 630/1233 affords similar insights into the varieties of goods then being exported by the Venetian merchants from the Near East to Europe at the time of the Crusades – into three distinct categories:[161]

- cottons, cotton yarns, various woolen goods, liquorice, sugar cane, and lavender;
- pepper, "long pepper," melegete, ginger, nutmeg, and cloves, rice, cubebs, sugar, castor sugar, gum, gum-lac, myrrh, aloe, natron, alum, camphor, frankincense, cardamom, zeodary, sandalwood, rosewood, myrobalan, galingale, simoniacum, orpiment, ammoniac, wax, indigo, glass, vitriol, emery, raw silk, silk cloth, and buckram; and
- flax, cinnamon, cumin, mace, anis, and camlot.

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158 H. Adelson 1962, p. 75.

159 G. Luzzatto 1961, p. 76.

160 The *Assizes of Jerusalem,* vol. 2, pp. 175–176, cited in S. Runciman 1966, vol. 3, pp. 358–359; W. Heyd 1885, vol. 1, pp. 563 ff.

161 See "Maritime Statutes of Venice," *Nuovo Archivio Veneta,* new ser., vol. 4, pp. 285 ff., as cited in J. Prawer 1972a, p. 400.

Yet another contemporary customs document indicates the range of goods then being exported from the port of Acre midway through the 7th/13th century. Amongst the various products cited are silk, cotton, "Damascene thread," lac, linen, buckram, ivory, pottery, building materials, saddles, belts, numerous fish and fowl, vegetables and fruits, various kinds of sugar, musk, nuts, orpiment, camphor root, perfumes, dyes, lavender, liquorice, alum, natron, ammoniac, aloes, frankincense, cardamom, cinnamon, cloves, nutmeg, ginger, and other condiments.[162]

C. Western Business Development within the Levant

Italian investment in industrial enterprises in the Levant likewise contributed to a new range of exportable commodities explicitly custom-tailored to meet European demand. Indeed, through their establishment of local factories manned by indigenous labor, Italian entrepreneurs now succeeded in creating a unique form of "colonial capitalism" in areas subject to their jurisdictions – as in those one-thirds of towns subject to Italian economic development, new capitalistic corporations came to be formed, creating an economic synergy powered equally by Western investment and Eastern manpower.

By this means, the Italians thus achieved somewhat of a monopoly in both Levantine trade and glassware manufacturing. The popularity of such indigenous cloth goods as Damascene "damask," al-Mawṣil "muslin," and Gaza "gauze" in the marketplaces of medieval Europe was due, in large part, to their manufacture and export by the factories established by expatriate Italian business people working in the Crusader kingdom.[163]

Thus, both the ranges and the volumes of commodities shipped from the Levant to Europe during the Crusades were demonstrably quite substantial. Counter-trade in commodities from Europe to the Levant appears to have been brisk as well – as in addition to knights and war materials, Italian ships now carried massive stocks of provisions and equipment needed for the logistical support of the war effort.

There also appears to have been a quite significant trade in goods shipped strictly for commercial speculation purposes. The cargo mani-

162 J. Prawer 1972a, p. 402; G. Luzzatto 1961, p. 75.
163 F. Heer 1961, p. 80.

fest of a boat departing Marseilles on 3 Dhū al-Ḥijjah 645/31 March 1248, for example, contained merchandise valued at 11,100 pounds as denominated in local French currency. In addition to tin, saffron, coral, quicksilver, fox fur, and such other major end items, it is reported to have consisted of a variety of textiles, including:[164]

> Châlons (green, blue, and white) and Reims, and other varieties, including clothes of Tarascon and Narbonne, woolen cloth (*stamina*) of St. Pons and Arras, cloth of Champagne, of Loevière (*vintain*), cloth from Cambrai, from St. Quentin, black "stanford" from England, linsey-woolsey of Chartres, vermillion cloth, red cloth of Ypres, clothes of Basel, silk cloth, cloth of Avignon, gold thread (*aurum filatum*) of Genoa, thread of Burgandy, brown clothes of Douai (*in runetis*), fustian, *biffes* of Paris, and clothes from Germany.

This particular ship, according to source notations, was part of a convoy of nine vessels then leaving Marseilles laden with European commodities destined for Near East ports of call.[165] In addition to those products cited on this shipping manifest, sources indicate that other key European goods involved in eastern-bound commerce included weapons, timber, iron, pitch, silver and gold, gems, fountains, mechanical clocks, live horses, fine linen, woolen cloth, other textiles, hides, and furs. [166]

So critical was this export trade to the vitality of the Western European economy, in fact, that on 1 Ṣafar 595/3 December 1198, the Pope himself issued a limited license permitting the Venetians to export European-manufactured commercial items to the "Saracens," excluding from his sanction only such critical war materials as "iron, flax, pitch, sharpened stakes, ropes, arms, helmets, boards, unfinished wood, and ships."[167]

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164 J. Prawer 1972a, pp. 401–402; F. M. ᶜĀshūr 1980, pp. 275 ff.; Ṣ. Labīb 1970, p. 73; F. C. Lane and M. A. Hodgson 1901, p. 341.

165 J. Prawer 1972a, pp. 401–402; G. Luzzatto 1961, pp. 75–76. For a detailed description of the contemporary Levantine trade of Marseilles, see J. H. Pryor 1984, pp. 405 ff.

166 E. Bach 1955, pp. 91–92; W. Heyd 1885, vol. 1, pp. 392 ff.; G. Müller 1879, p. 7; J. Prawer 1972a, pp. 398–400.

167 *Patrologiae Cursas Completas,* 1855, vol. 214, pp. 493 ff.; G. Tafel and G. Thomas 1856, pp. 224–235; H. Adelson 1962, pp. 171–172.

D. Western "Business Tool" Development in the Levant

Perhaps more important than the tangible commercial benefits emanating from the Crusades, however, was the continuing evolution of new "business techniques" – setting root first within the Levant, and then migrating to Western Europe. For the Crusader movement was itself very much a capitalistic undertaking, undermining the feudal system that had first enveloped, and then ultimately suffocated, Western Europe's economy during its feudal "Dark Ages" that had set in more than three centuries before.

Indeed, it contributed mightily to a breakup of the longstanding, rigidly stratified socioeconomic order – promoting the exchange of property, the transformation of treasure into "liquid capital," increased monetary circulation, and through the fiscal levies required to support the offensive build-up for forthcoming military operations, the development of centralized financial administration as well.

European merchants operating within the Levant likewise soon developed a keen appreciation for the commercial utility of the monetary economy that they found while there. As subsequent analysis shows, in fact, almost as soon as the Crusader states had been founded, the King of Jerusalem, the Prince of Antioch, and the Count of Tripoli all began to counterfeit the prevailing regional currency, the Fāṭimid gold *dīnār*, to facilitate their own merchants' market integration into Near East marketplaces. Bearing crude Arabic inscriptions, these coins contained roughly two-thirds of the gold content of the premier quality Islamic prototypes that they sought to emulate.[168]

Though the Crusaders would later develop various other forms of currency, the urgent need to capitalize on the well-established reputation of the prevailing Islamic coinage apparently remained. For as late as midway through the 7th/13th century, the Latin Kingdom was still minting coins bearing Arabic inscriptions but invoking the "Christian Trinity" – an unusual, albeit obviously practical, attempt to maintain the tenets of its creed, while concurrently preserving the market access of the monetary issues by emulating currencies more reputable than their own.[169]

168 See A.M. Watson 1967, pp. 10–11; A.S. Ehrenkreutz 1964, pp. 166 ff.; P. Balog and J. Yvon 1958, vol. 1, pp. 133 ff.; H. Lavoix 1877, pp. 5 ff.; S. Runciman 1966, vol. 3, pp. 363–364; J. Prawer 1972, pp. 138–139; P. Grierson 1954, pp. 169 ff.

169 Sources cited in the preceding footnote.

Coin specimens in treasure hoards, museums, and cited in various documentary sources likewise suggest that currencies struck in the Near East played an extremely active role in contemporary flows of European-Levantine commerce. Indeed, even the Papacy appears to have benefitted from the influx into Europe of Muslim money, as the *Liber Censuum* – an official list of payments made by outlying ecclesiastic establishments to the "Holy See" in 576/1180 – contains an assets inventory that includes numerous Islamic *dīnārs*.[170]

It seems quite likely, in fact, that this widespread inbound circulation of Islamic currency may well have hastened Western Europe's gradual return to a monetary economy. Indeed, R.S. Lopez, A.M. Watson, and A.S. Ehrenkreutz have continuingly argued, as Chapter 6.4 will demonstrate, that the damage to the prestige of the Muslims' erstwhile premier currency now caused by Crusader counterfeiting, combined with mounting commercial demands of the Mediterranean region, created a concomitant need for a strong new currency to facilitate international market transactions – and that the Italians were the first to attempt to meet that need by creating a currency of their own.

Thus, it may be said that Islamic East-Christian West interaction in the Middle Ages likewise played a material role in the reappearance of a "monetary economy" in Europe – not only in creating a need for new coinage to support commerce, but by concurrently undermining the Muslim coinage then in circulation, thereby creating an international currency void that the Italian city states soon moved in to fill.[171]

"Credit" was another capitalistic institution lent impetus by the Crusades – as the need to conduct long distance commerce between Europe and the Near East established a critical requirement for more effective financial and fiducial facilities to accommodate the liquidity needs of international merchants. Pressing economic demands precipitated by the Crusades correspondingly led to the adoption by Western Europe of a broad range of new capitalistic practices, techniques, and commercial associations.

They further contributed to the evolution of a more dynamic business milieu capable of restoring respectability to notion of "profit mo-

170 M. de Villard 1926, pp. 22–38, 73–112, and pp. 77–78 in particular; M. Bloch 1933, passim; M. Lombard 1947, pp. 143 ff.; F. Himly 1955, pp. 31–81; A.M. Watson 1967, pp. 1–34; A. Citarella 1968, p. 552; P. Fabre and L. Duchesne 1889–1905, passim; P. Grierson 1979, p. 114.

171 Cf. A.S. Ehrenkreutz 1964, pp. 180 ff.; A.M. Watson 1967, pp. 10–11. See also F.Ḥ.M. al-Thunānī 1981, vol. 2, pp. 312–313.

tive" and the rise of a new professional merchant class. Their financing likewise stimulated much greater capital liquidity in Europe which, in turn, made possible the restoration of that continent's monetary economy. They similarly made it necessary for Europe's businessmen to invent corporate structures to aggregate the investment capital needed to exploit emerging commercial opportunities.

They were, in fact, a seminal part of the dramatic evolutionary business process that, over time, would lead to the full scale emergence of commercial capitalism in the vibrant Italian city states in their dynamic $5^{th}/11^{th}–7^{th}/13^{th}$ centuries. For as one modern business historian has aptly described the economic ramifications of the Crusades:[172]

> In the long run, *how* the Crusaders got to the East may have had a more profound influence on the West than what they brought back with them when they returned."

It is the development of this business "tools of trade" inventory in the reemerging economies of the medieval Italian city states that enabled the Crusaders to first get to, and then operate within, the Arab Levantine East – and the catalytic Islamic influence in causing that development – that thus remain to be explored.

E. Resulting Economic Impacts Upon Christian Europe

For perhaps more important than the tangible commercial benefits that emanated from the Crusades, as Chapter 6.5–6.6 vividly demonstrate, was the evolution of new commercial techniques, many Islamic in their origin, in Christian Europe. Indeed, the movement was, in itself, very much of a capitalistic undertaking, undermining the feudalistic system that had first enveloped, and ultimately suffocated, the Western European economy for more than three centuries.

It contributed to the break-up of the existing, rigidly stratified socioeconomic order – promoting dynamic exchanges of private property, the transformation of "treasures" into liquid capital, an increase in monetary circulation, and through fiscal levies to support the offensive build-up, the development of new centralized financial administrations throughout region as well.

Now the great treasure hoards of Europe were once again put to productive use to support the war effort. In a single monetary transac-

172 G. Constable 1982, p. 88.

tion, for instance, Ademar, Bishop of LePuy and "Papal Legate" on the first Crusade, reportedly liquidated the bullion equivalent of 25,000 *solidi* in Church-held precious goods for "the liberation of the Faith."

Capitalizing on their overlords' incessant needs for "ready funds," peasants also were often able to buy their own personal freedoms by cashing in their holdings. Papal revenue levies were concurrently imposed upon the rich and poor alike to support the Crusader cause.[173]

When noblemen and clergy were unable to meet the war levies stipulated by the Pope, moreover, the Holy See encouraged them to borrow money *at interest* from Italian financiers, indeed even threatening excommunication for those who failed to meet their obligations promptly.

As a result of such dramatic financial developments, then, capital reappeared and circulated once again within medieval European markets and a new monetary system – founded upon the intrinsic metallic value of the coinage itself – now commenced to replace the feudalistic system of barter.[174]

The financial multiplier effects of such cash injections into the Western European economy likewise appear to have been significant. For in addition to the capital required to reinvigorate production, much of the investment capital employed quite naturally went to the Italian merchants to pay for their shipping and other logistics services connected with the Crusades.

But other sums also went to craftsmen – weapons-makers, shipbuilders, rope manufacturers, and the like – in the forms of wages and salaries, thereby putting greater wealth in the hands of middle class citizens. Additionally, while much of the capital paid to the Italian merchants covered labor and materials cost, a certain portion represented "profit," creating surplus capital that could be reinvested in other lucrative ventures.

The Crusades thus initiated an upwardly spiraling cycle of capital investment, profit, and capital reinvestment that cannot have failed to be a powerful stimulus to the revival of the medieval West European economy – again, all made possible by the lure of buoyant commercial demand then obtaining in the Islamic East, as Chapter 6.1 will show.[175]

173 C. Devic and J. Vaissete 1872–1894, vol. 5, p. 23.

174 H. Kreuger 1961, pp. 72–74; G. Constable 1982, passim.

175 H. Kreuger 1961, p. 73.

Chapter 6

Medieval Europe's Transformation: "The Triumph Of Ideas"

6.1. Western Commerce Transformed By Eastern Business Practice

Preceding analysis has demonstrated that the Middle Ages witnessed a monumental outpouring of Islamic global commerce – including no small amount of trade with Christian Europe. Indeed, the conclusions of acknowledged scholarly giants of European economic history advanced within this past century have produced several principal points of consensus concerning the course of medieval Western economic history of the period. They include that:[1]

- a widespread commercial renaissance emerged and then enveloped Western Europe in the course of the 5^{th}/11^{th}–7^{th}/13^{th} centuries;
- this renaissance first appeared in the Italian city states – primarily Venice, Genoa, Amalfi, Pisa, and Gaeta, whose merchants were in direct commercial contact with the Muslim East, starting in the 5^{th}/11^{th} century – with various economic structural manifestations emerging even earlier;
- it was accompanied by the evolution of certain commercial methods which, consensus is, eventually were to develop into the business precepts and practices that characterize modern Western capitalism;
- these innovative business precepts and practices also first emerged in the aforesaid Italian city states; and that

1 R. Hilton 1976, p. 145; M. Bloch 1935, pp. 486–488; idem. 1932, pp. 92–94; idem. 1936, pp. 110–111; F.C. Lane 1963, p. 312; O. Cox 1959, pp. 30 ff., 175 ff.; R.S. Lopez 1959, pp. 285 ff.; idem. 1945a, pp. 1 ff.; idem. 1948, pp. 63 ff.; D. Herlihy 1958, pp. xii, 176 ff.; C.M. Cipolla 1976, p. 183; A. Sayous 1929, vol. 1, no. 2, pp. 11 ff.; W. Sombart 1916, vol. 2, pt. 1, pp. 86 ff.; H. Pirenne 1972, pp. 162 ff. (see also pp. 16 ff., 209 ff.); idem. 1974a, pp. 123 ff.; L. Febvre 1932, pp. 318–319; E. Byrne 1930, pp. 12 ff.; G. Luzzatto 1966, p. 119.

– their prime objective was to optimize profits won through mercantile endeavors.

Despite a general scholarly consensus on the emergence of these various trade phenomena, however, an overarching enigma of medieval economic history remains unresolved. What were the origins of these "origins of capitalism" in Western Europe? What was the provenance of these dramatically new business techniques? More basically, what precipitated the "commercial renaissance" that commenced in the Christian West in the $5^{th}/11^{th}$ century?

As demonstrated in the Introduction, Western scholarship now generally accepts without significant challenge the contention that medieval Islamic scholars preserved basic *physical* sciences and metaphysical philosophies developed in classic Graeco-Roman antiquity during Europe's prolonged "Dark Ages" – and then retransmitted them back to the West when the latter's economic abyss had ended. This reality is part of the undisputed intellectual legacy of both East and West.

Yet could not a "parallel" intellectual evolution also have been ongoing within the *commercial services?* What role did the Muslims play in late medieval Europe's economic recrudescence? Could it be that the emerging Western need for, and adaptation of, far more efficient forms of corporate association and improved trade techniques now arose, at least in part, because of the enhanced commercial demands and business opportunities emerging within the markets of the Near East?

Such speculation is not beyond the realm of plausibility. Indeed, it would strain logic to deny its probability. Certainly, it is not at all unrealistic to posit that the tandem commercial and capitalistic revolutions that first appeared in $5^{th}/11^{th}$ century Western Europe were inexorably linked – and that both renaissances were heavily influenced, if not precipitated, by Europe's burgeoning trade relations with Egypt and the Levant described in preceding sections.

Is it then not also reasonable to conclude that those highly dynamic new forms of corporate association and financial procedure that accompanied them might themselves have been profoundly influenced by these ground-breaking commercial interactions?

There is much to commend such conclusions. For what is incontrovertibly clear is that into that static, staid medieval society of priests and knights and peasants in the repressively feudalistic civilization that characterized Christian Europe in the $3^{rd}/9^{th}$–$4^{th}/10^{th}$ centuries, there now entered a new class of merchants, tradesmen, and artisans seeking to capitalize on emerging market opportunities.

Banding together for mutual gain, this new mercantile class thus came to form ever-growing dynamic centers of economic enterprise, as an urban bourgeoisie gradually but inexorably evolved.[2] Addressing the macroeconomic impacts of these unfolding socioeconomic phenomena, economic historian C. M. Cipolla asserts:[3]

> With the appearance of the medieval city and emergence of the European "bourgeoisie," a new Europe was born. Every sector of social and economic life was transformed. Sets of values, personal conditions and relations, types of administration, education, production and exchange, all underwent drastic transformation. The urban revolution of the eleventh and twelfth centuries was the prelude to, and indeed, created the prerequisites for, the "Industrial Revolution" of the nineteenth century.

This "urban revolution" significantly altered the microeconomic functioning of medieval Europe's private sector economy as well – as "profit motive" – the human quest for personal gain – now came to replace the Church's longstanding aspirations to mass poverty as the prime inspiration guiding the actions of "economic man."

Indeed, *homo economicus* was now reborn – as the commercial initiatives of the new waves of merchants who soon emerged were directly and palpably motivated by the quest for profit. For the new trading order that they created was based both on individual enterprise and on the mobility of capital that empowered them to operate outside of the domains of the longstanding feudal system.

Because it was directly based on profits from external commerce, moreover, this emerging economy produced liquid wealth that was not directly related to the value of land – thereby further undermining the erstwhile preeminence of the Church and the landed feudal nobility.[4] In the words of R. S. Lopez: "feudalism lost much of its attractiveness as soon as the economy became more fluid."[5]

Ironically, the Church itself contributed to many of these seminal developments. For though it continued to consider a trade in money to be "usurious," it nevertheless was the first institution in Christian Eu-

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2 S. Painter 1972, p. 220; P. C. Roberts 1975, p. 166; D. Herlihy 1958, p. xii; M. Bishop 1958, pp. 178–179, 201 ff.

3 C. M. Cipolla 1976, p. 145.

4 M. Dobb 1947, p. 71; M. Bishop 1958, pp. 178–179, 201 ff.

5 R. S. Lopez 1966, p. 166.

rope to create great reserves of capital; to establish formal banking functions; to initiate, through its "Holy Roman Emperors," a stable currency; and to create large commercial enterprises.

In short, by consolidating the petty states of Europe into a single empire, and by then imposing upon that empire the rudiments of a unified monetary economy, the Church unwittingly paved the way for an emerging new capitalistic system that would ultimately bring down the feudal domain that was, in part, of its own making.[6]

The "commercial revolution" also witnessed, and indeed helped to create, as will be shown, a gradual reappearance of a monetary economy in medieval Europe. This was a multi-faceted and multi-step process – as the aforesaid partial restoration of the continent's trade balance with the Muslim East initially brought with it the rapid production of "surplus capital," as well as the attendant emergence of far more affluent customers who possessed the means to purchase that which they could not produce.

Increasingly, moreover, these wealthy individuals would commit their surplus capital to speculative ventures – new enterprises that would augment their capital holdings further still – with the direct result that thereafter, a prime economic force operating within medieval European marketplaces would be the "value of money," thus heralding the restoration of commercial capitalism.[7]

The reemergence of such *laissez faire* motivational instincts and precepts in the marketplaces of medieval Christian Europe was attended by the gradual appearance and evolution of capitalistic business tools as well, as C.M. Cipolla asserts:[8]

> From the eleventh century onward, there was a quite remarkable development of business techniques. The list of innovations is long. One need only to consider the organization of fairs, the development of the bill of exchange, the appearance and the subsequent spread of manuals of commerce, the evolution of new accounting techniques, the check, the endorsement, insurance, etc.

6 On these developments, see P. Boissonnade 1987, pp. 156–169.

7 C.M. Cipolla 1976, pp. 184 ff.; R.S. Lopez 1966, p. 166; M. Bishop 1958, pp. 178–179, 201; H. Miskimin 1969, pp. 117 ff.; M. Dobb 1947, pp. 37 ff.; P.C. Roberts 1975, p. 166.

8 C.M. Cipolla 1976, p. 182.

"From the eleventh to the sixteenth century," he continues, "Italy was the birthplace of most of these innovations."[9]

Substantiated by independent analyses, this finding of a nascent capitalism emerging first in the 5th/11th century Italian city states, then spreading to the rest of Europe, is extremely consequential to the explorations and attendant findings of this inquiry. In his analysis of the novel business methods that now evolved, for example, medieval historian N. J. G. Pounds states that "the economic revolution of the Middle Ages began in Western Europe;" whereas another acclaimed scholar of the economic emergence of modern Europe, Robert LaTouche, concurs:[10]

> Capitalism makes its timid debut in the ninth and tenth centuries, and one has to trace back to the shores of the Mediterranean, to Venice, to witness its emergence.

M. Beaud, in his *History of Capitalism,* opens his work with the unequivocal assertion:[11]

> Capitalism was born within the merchant and monetary societies in Western Europe.

Jean Baechelor, in his *Origins of Capitalism,* similarly asserts:[12]

> The first figure of modern capitalism was the merchant entrepreneur who first made his appearance in the twelfth and thirteenth centuries.

Armando Sapori, a European economic historian who has documented Italian commerce in the Middle Ages, also writes of a "capitalist revolution" in Europe at the time of St. Thomas Acquinas (d. 673/1274).[13] Indeed, Pirenne himself calls attention to a variety of studies:[14]

> which seem to me in an incontrovertible manner to have established the reality that all of the essential features of capitalism – individual enterprise, advances on credit, commercial profits, speculation, etc. – are to be found from the twelfth century in the city republics of Italy – Venice, Genoa, and Florence.

9 Source cited in the preceding endnote.
10 R. LaTouche 1967, p. xv.
11 M. Beaud 1984, *Frontispiece.*
12 J. Baechelor 1975, p. 87.
13 A. Sapori 1946, p. 191.
14 H. Pirenne 1914, pp. 496–497.

Just why, and how, medieval Italy would become the "cradle of modern western capitalism" is the focus of the analyses that follow – tracing the impacts of medieval Italian-Near Eastern commerce – and builds from the assertion of Islamic scholar Ṣubḥī Labīb in his analysis of medieval trans-Mediterranean trade that:[15]

> Oriental and Occidental (Frankish) merchants together now created a new phase of economic activity that can be called commercial capitalism.

In so doing – rejecting the highly improbable scenario that this nascent capitalism should somehow have arisen "phoenix-like" from the ashes of medieval feudalism without antecedent – a self-contained occurrence without apparent external catalytic influences – analysis focuses upon two key determinants of economic change:

– the volumes and general impacts of medieval Islamic-Italian trade upon the economies of contemporary Western Europe; and
– the prime role played by that commercial exchange in facilitating the transfer to the Christian West of certain capitalistic business practices that, analysis demonstrates, for centuries had been prevalent in the marketplaces of the Islamic East.

To these ends, analysis commences with a detailed evaluation of the process of transmission of commercial and technical terms from East to West in the course of conduct of ongoing trade.

6.2. The Transmission of Commercial Terminology

It is an established reality that this was an era characterized by a considerable exchange of ideas and vocabulary between classical Arabic and medieval European languages. The retransmission of the classic Graeco-Roman and Arab knowledge to the West has been documented in preceding discourse.

But it was likewise now that such technical and scientific terms as alchemy, algebra, algorithm (from the name of the precept's founder, the mathematician "al-Khwārizmī"), almanac (from *al-manākh,* weather), arsenal (from *dār al-ṣinaᶜah,* meaning "house of industry"), atlas, average, azimuth, bark (nautical term), caliber, canon (from *qānūn,* meaning

15 Ṣ. Labīb 1969, p. 80.

law), chemistry, cipher, elixer, nadir, realgar, and zenith passed into various Western vocabularies.[16]

It was also now that the names of commodities prominent in East-West trade such as: alcohol, alembic, alfalfa, alkali, alkanet, aludel, alum, antimony, apricot, artichoke, baldachin, buckram, cable, candy, carob, chiffon, cinnamon (after the Chinese term *"Ṣīnī"* wood), coffee, cotton, crimson, damask, galingale, gauze, ginger, guitar, gum arabic, hashish, julep, lemon, lilac, lute, millet, mohair, mucarro (refined sugar, from the Arabic *mukarrar,* meaning 'purified'), muslin, rhubarb, rice, saffron, "sarcenet," satin, scallion, sesame, shallot, soda, spinach, sugar, syrup, tabby, tafetta, taffy, talc, turquoise, and tutty passed from East to West.[17]

Indeed, together with transmission of the product hashish, the word "assassin" – to describe a medieval Muslim sect whose members would become intoxicated with hashish *(ḥashāshīn)* and then contract to "assassinate" principal military and political leaders at the time of the Crusades – in the opinions of some scholars, also now became a prominent part of western vocabularies.

The Arabic names for certain nautical terms such as admiral, "corvette," sloop, monsoon, and "barca/barque" now became "westernized" into English and other languages as well.[18]An abundant number of expressions denoting particular trade and business functions were likewise exchanged between principal eastern and western languages of commerce – not the least among them, the aforesaid term *mancus*, a suggested western derivative of the Arabic passive participle *manqūsh* (a "struck object") – connoting the appearance and usage of Islamic coins in Western Europe.

Other conventional medieval western commercial terms now passed from Arabic included "carat" (*qīrāṭ*), "douane" (*diwān*, customs office), "magazines" (*makhāzin*), "tare" (*ṭarḥ*, to deduct or discard), and "tariff" *(taʿrīfah).* The Arabic term *"ṣakk,"* denoting an instrument of

16 For the derivation of many of these terms, see E. F. Edler 1934, passim.

17 Cf. E. F. Edler 1934, passim; R. Bautier 1971, p. 68; J. Hayes 1983, pp. 230–232; P. Hitti 1970, pp. 343–348, 608, 665; J. H. Kramers 1931, p. 105; J. W. Thompson and E. N. Johnson 1937, pp. 134, 556; H. Trevor-Roper 1965, p. 92; M. A. Cook 1974, p. 211; A. Udovitch 1977, pp. 149, 154; F. Heer 1961, p. 80. J. Prawer (1972, pp. 143–144) points out that in medieval times, the generic term "spices" extended beyond concepts of condiments into a much broader range of luxury goods such as aromatics, medicines, dyestuffs, etc.

18 See sources cited in preceding footnote.

monetary transfer, also now became the Western "check/cheque." The German and Dutch equivalents of this financial mechanism, *wechsel* and *wissel*, similarly are Arabic derivatives; whereas the Arab "letter of credit," the *ḥawālah,* became the French *aval.*[19]

The medieval Italian term *maone* – describing a particular form of corporate association designed to pool risk – likewise derives from the Arabic term *maᶜūnah,* which means joint efforts to underwrite commercial transportation expenses.[20] The Arab commodity broker dealing in such risks, the *simsār* would become the Italian *sensali* – whose function, to sell products at public auction, in Arabic called *ḥalqah,* became in Italian *galega*.[21]

It was now that the prevalent Arabic commercial risk contract *mukhāṭarah* passed into Italian and Latin as *mohatra*, denoting the Arab "double exchange contract" then deemed illicit by the Holy See. Indeed, the proliferation of this contract would become so widespread throughout Europe that the Arabic term *mukhāṭarah* would become *mohatra* in Spanish and *mofatra* in Portuguese both in practice and in parlance.[22]

There are numerous other examples of the direct exchange of vocabulary amongst the various medieval Islamic and European states engaged in commerce around the Mediterranean. In addition to the cited term *ṣakk* ("check/cheque"), for instance, the Persian concept of the *bazaar* appears in a variety of medieval Venetian commercial documents, having been transmitted to Italian and other Western languages via Arabic.[23]

The Italian *fondoco* meaning rest houses designed for traveling traders, passed, via the Arabic *funduq,* from the Greek *pandocheoion*; and the contemporary Egyptian term for flax, *qalūṣ*, also appears to be a derivative of the Greek *kalos*.[24] Other technical trade terms now passed

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19 Cf. E.F. Edler 1934, passim; C. Haskins 1970, p. 84; J.H. Kramers 1931, p. 105; S.D. Goitein 1967–1973, vol. 1, pp. 241, 245; A. Lieber 1968, pp. 230, 232–233, 237, 239–240.

20 R. Dozy 1881, p. 82; A. Lieber 1968, pp. 230, 241; F.C. Lane 1966, pp. 50–52; Ṣ. Labīb 1969, p. 94; A. Udovitch 1977, p. 149; Geniza document, Taylor Schechter Collection, University Library, Cambridge, no. "TS 10 J, 16, f.17."

21 A. Lieber 1968, pp. 230, 238.

22 See J. Denzinger 1947, para 1190; J.H. Kramers 1931, pp. 105 ff.; M. Grice-Hutchinson 1978, pp. 16–18, 48–51; see also Appendix E.

23 P. Molmenti 1906, vol. 1, pt. 1, p. 127; C. Haskins 1970, p. 84; A. Lieber 1968, p. 238.

24 R.S. Lopez 1964, p. 603; H. Adelson 1962, p. 186; ᶜA.S. ᶜAṭīyah 1962, p. 181; J.W. Thompson 1959, vol. 1, p. 402; S.D. Goitein 1973a, p. 47.

from the Italians to the Arabs as well, as such Italian words as *scala* (gangplank) and *barcolo* (bale of merchandise) would become *isqālā* and *barqalū* in medieval Arabic vocabulary.[25]

Finally, it should be noted that the gradual replacement of Roman numerals with Arabic numerals by the Italian mercantile establishments in the 6th/12th and 7th/13th centuries, which greatly facilitated arithmetic calculations, made possible the 8th/14th century introduction into Italy of double-entry bookkeeping – the accounting precept by which the capitalistic revolution of the Western Middle Ages ultimately became distinguished.[26]

Certain respected medievalist scholars contend, in fact, that the conceptual basis of double entry bookkeeping was structurally derived from equations of "algebra," another mathematical system invented by the Muslims that passed on by name (from Ar. *al-jabr*) to the Italians via traders at this time.

Indeed, lending substance to such speculation, certain elements of rudimentary "double column" and "double entry" bookkeeping begin to appear in commercial accounts contained in Egyptian Geniza documents that date to Fāṭimid times. In this ongoing linguistic transfer process, the concept of "zero" was also transmitted to the West, as well as its Arabic equivalent, *ṣifr,* from which the term "cipher" derives.[27]

Undeniably, the Romans of classic antiquity likewise had left a lengthy legacy of innovative business practices, some residuals of which might have remained in Italy as it emerged from its "Dark Ages" – as it is known that the Roman Empire also enjoyed the basic use of checks, deposit banking, rudimentary credit, and possibly even double column registers.

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25 S.D. Goitein 1970, pp. 53–54; idem. 1967, pp. 51 ff.; A. Udovitch 1977, p. 154; J. Prawer 1972, p. 136; Geniza document, Taylor Schechter Collection, University Library, Cambridge, no. "TS 10 J, 9, f.21."

26 On these developments, see A. Wildavsky and C. Weber 1986, pp. 162–164, 168; A. Lieber 1968, pp. 242–243; F.C. Lane 1987, pp. 177 ff. Ironically, Roman numerals continued to be employed by clerks of the medieval European "Royal Exchequers"– as because of their perceived difficulty to manipulate or alter, they were viewed as a useful deterrent to embezzlement or fraud. (On this, see A.C. Littleton and B. Yamey 1956, p. 64; A. Wildavsky and C. Weber 1986, pp. 216–219; A.C. Littleton 1980, p. 21.)

27 Cf. A.C. Littleton and B. Yamey, 1956, pp. 64 ff.; A.Woolf 1912, pp. 105–107; R.E. Taylor 1942, pp. 61 ff.; A. Lieber 1968, pp. 232 ff.; A. Wildavsky and C. Weber 1986, p. 164; S.D. Goitein 1967–1973, vol. 1, pp. 208–209, 239–240.

Indeed, such facilities were indispensable parts of an ancient Italian commercial legacy that might not have been totally lost even as the commerce of Rome dwindled throughout the diffident reigns of the Merovingians and the earliest pre-Charlemagne Carolingians.[28]

But the dramatic and powerful reappearance of such critical financial institutions during the $5^{th}/11^{th}$ to $7^{th}/13^{th}$ century "commercial revolution" in Italy – stimulated, in no small measure, by her ongoing trade with the *Dār al-Islām* – was far more than coincidence, and must not be summarily dismissed. Indeed, numerous accomplished scholars have searched for causality in these developments.

The orientalist H. A. R. Gibb, for instance, has argued that the rhythms of Islamic and European history moved in a direct *reverse cycle.*[29] The medievalist R. S. Lopez has conversely contended that they moved in a *parallel, but asynchronous,* cycle:[30]

> There are sound reasons to believe that in the Islamic world as a whole, the cycle ran about one hundred years ahead of Catholic Europe. By the tenth century, when Europe was just getting out of depression, some Muslim countries were well on their way to their medieval peak. . . . In the early Middle Ages, the economic pace of the Islamic world was distinctly faster than that of Catholic Europe, if only because it drew its resources and its techniques from an incomparably larger range of lands and cultures.

Did such historic cycles have common origins or were they coincident? Preceding analysis has demonstrated that the working *business vocabularies* of the West were significantly influenced by the commercial terms of the East. Numerous scholarly analyses have shown that various elements of modern European *legal systems* were similarly gleaned from Arab prototypes at this time.[31]

Can it be that the *business practices* of Europe were now profoundly influenced by corresponding Arab commercial prototypes as well? It is the possible impact of medieval Islamic financial precepts upon the evolution of their European business contemporaries that is of immediate relevance here.

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28 See G. Savoli 1929, passim; E. H. Oliver 1907, pp. 131–132; A. Wildavsky and C. Weber 1986, pp. 122 ff.

29 H. A. R. Gibb 1962, pp. 3–4.

30 R. S. Lopez 1976, pp. 24–25.

31 Cf. ᶜA.ᶜA. Ḥusayn 1947, passim.

6.3. The Transmission of "Free Market" Business Ideologies

As was detailed in Chapter 3.1, the precept of 'private profit motive' was both intrinsic to, and powerfully pervasive within, medieval Islamic economic ideology. It drove the Muslims' trade initiatives to far corners of the contemporary world – including Europe where, after many decades of interacting in the Arab East, this integral free market concept would eventually be adopted within the Christian West as well – indeed, ultimately enabling that region to transcend its disastrous four-century-long experiment in the moribund feudalism that was the centerpiece of its "Dark Age economics."

If not mere coincidence, then, the precise timing of such ideological interaction was certainly most fortuitous – as this was an age of extremely Islamic economic intellectual ferment. For as noted in preceding sections, it was now that such famed Muslim jurists as Muḥammad b. Ḥassan al-Shaybānī, in *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb*,[32] and Abū al-Faḍl al-Dimashqī, in *Al-Ishārah ilā Maḥāsin al-Tijārah*,[33] began formulating then very novel and profound free market economic precepts – economic theories that would shape the then known intellectual world – and then, more than a half millennium later, would be "invented" by Adam Smith and others in the renaissance reformationist Christian West.

That their doctrine took root in fertile soil is manifest in the results. Indeed, so powerful in its impact and expansive in its outreach would the economy of the early medieval *Dār al-Islām* ultimately become that its precepts, both in practice and in prose, came to dominate the trade and business doctrines both of surrounding and far reaching trading regions – as the Arabs built a *political* and *commercial* empire that stretched from India in the east across Asia and Africa and up into Europe.

"Private profit motive," as demonstrated, was a decisive force impelling this Islamic trade expansion – and foremost amongst its proponents is Muḥammad b. Ḥassan al-Shaybānī in his seminal work: *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb* – an abridgement of his larger masterpiece, "*Kitāb al-Kasb*" ("Book of Earning"), as preserved by a student,

32 Cf. ᶜA.ᶜA. Ḥusayn 1947, passim.
33 Al-Shaybānī 1938, p. 14.

Ibn Samāᶜah – which opens with the forthright assertion: "Allāh has imposed the obligation of seeking a livelihood upon all believers."[34]

While man's purpose is to serve God, al-Shaybānī continues, he can accomplish this objective only when properly fed, clothed, and housed. This subsistence goal, in turn, can only be reached through productive earning. Indeed, for al-Shaybānī, earnings need not be limited to necessities but may include luxuries as well – for all individuals need a tangible incentive (e.g. a "profit motive") to stimulate their actions.[35] He likewise emphasizes that private earnings – the pursuit of commerce and crafts – are more pleasing in God's sight then are public sector earnings.[36]

The merits of private sector livelihoods – of which, commerce was deemed to be most noble – are also lauded by the 5th/11th century Arab economic theoretician Abū al-Faḍl al-Dimashqī. After defining the functions of what he describes as the three categories of merchants – the traveling peddler (*al-rakkāḍ*), the wholesaler (*al-khazzān*), and the exporter (*al-mujahhiz*) – he details techniques for them to optimize private profit opportunities in the competitive marketplace, with how a merchant accumulates capital through profits his particular concern.[37]

Al-Dimashqī's commitment to the merits of earning profit to accrue personal gain is similarly reflected in the economic philosophies of Ibn Khaldūn – as in *Al-Muqaddimah,* the prolegomenon to his great history, *Kitāb al-ᶜIbar,* he defines three separate concepts integral to the pursuit of a productive livelihood: [38]

- *rizq,* that income which an individual must acquire to sustain himself;
- *maᶜāsh,* the means whereby an individual earns his livelihood. The four acceptable approaches to such productive earnings, in turn, are defined as rulership (*imārah*), trade (*tijārah*), agriculture (*filāḥah*), and industry (*ṣinā ᶜah*); and

34 Al-Dimashqī 1977, p. 45.
35 See al-Shaybānī 1938, pp. 16 ff., 79–82; see also S.D. Goitein 1968, pp. 222–224; idem. 1957, pp. 586–589; B. Lewis 1970a, pp. 87–88.
36 Al-Shaybānī 1938, pp. 16 ff., passim, and p. 17 in particular.
37 Al-Dimashqī 1977, pp. 60, 80–82; see also pp. 19 ff., 53 ff., 59–61, 64–78, 80–92. (For echoes of their thinking in the early Protestant reformation, see Appendix J.)
38 Ibn Khaldūn 1978, chapter 5, pp. 380 ff.

– *kasb*, income earnings which may go beyond the basic needs of mere subsistence, to become *makāsib,* "capital gains," which may then be used for reinvestment purposes.

It is this reinvestible income, *makāsib,* he explains, that is the lifeblood of all free market enterprise – and the capital gains produced by such competitive marketplace earnings are trade's ultimate end. To wit, as was quoted in Chapter 3.1-B:[39]

> Commerce means increasing one's capital by buying merchandise and attempting to sell it at a price higher than its purchase price – either by waiting for "market fluctuations" or by transporting the product to another country wherein it is in greater demand and thereby bring higher prices; or by selling it at a higher price to be paid at some later date. The profit then is small relative to invested capital. However, when the capital is large, the profit becomes great, because many time a little is much.

That these incisive mercantile precepts – embedded within the quest for private gain – soon came to be equally admired by enterprising merchants of the Italian city states then actively engaged at the forefront of Near East commerce is manifest in their official trade records.

For after centuries of doctrinally miring in the "virtues of poverty," medieval Western feudalism's staid religion-based *leit motif,* the upwardly spiraling market attractions of the Muslims would now gradually prove too commercially powerful to resist – as the development of attitudes that can only be described as "capitalistic" become evident as well.

A document dating to as early as 364/975, for instance, refers to the "profits" earned on certain investments by the Venetian doge Pietro Candiano.[40] In an early European demonstration of quasi-corporate enterprise, when Genoese merchants assisted the Crusaders in the capture of the Palestine port of Caesarea in 494/1101, each of the 8,000 participating sailors was rewarded with 48 *solidi* – a quite sizable sum wherewith they might create their own commercial ventures.[41]

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39 Ibn Khaldūn 1978, chapter 5:15, p. 399.

40 Y. Renouard 1949, pp. 14–15.

41 L. T. Belgrano 1890, pp. 12–13; G. Duby 1974r, pp. 261 ff.; R. S. Lopez 1987, p. 306; R. S. Lopez and I. W. Raymond 1955–1956, pp. 88–89. Actually, the sharing of the profits of sea voyages by sailors already appears to have been commonly practiced in Byzantium, and indeed, was explicitly stipulated in its "Sea Law," the *Nomos Nautikos* (cf. *Nomos Nautikos,* Chapter 83, as cited in R. S. Lopez 1959a, p. 80).

Encouragement of such "petty capitalists," of course, would take on even greater dimensions in the business flow of the following century with the implementation of the practice previously described of awarding the development rights of one-third of each Levantine city conquered to participating Italian merchants.[42]

Indeed, suggestive of the relative importance of this Near East trade within contemporary European international commerce, aggregate financial data from Genoese notarial archives – Western business record analogues of the "Geniza documents" of the East prepared midway through the 7th/13th century – show total Genoese profit-seeking investments in the Levant alone exceeding 50,000 Genoese pounds – sums accounting for some 40%–70% of all of the capital represented in the portfolios analyzed.[43]

Impressive though these investment sums are, moreover, it should likewise be borne in mind that they reflect the capital outlays of select investors contained in the financial records of a few accountants in a single city. As such, they should not be construed to suggest the overall volume of such ongoing Near East trade, which appears to have been substantial.

The size of capital investments in *individual* Near East-bound Syrian voyages also appears to have been quite significant. The total value of investments in six Syrian voyages in the 551–559/1156–1164 period, for instance, was slightly more than 10,000 pounds – or around 1,700 pounds per voyage. In 587/1191, the total capital committed to two Syrian voyages exceeded 6,900 pounds; whereas a single voyage in 601/1204 was capitalized at 8,000 pounds.[44]

From such indicators, it is therefore readily apparent that Genoese investors in Levantine commerce were increasingly benefitting from ever larger merchandise volumes and greater economies of scale in carrying out their trading ventures. Rates of "return on investment" (ROI) appear to have been growing considerably throughout this era as well. The then principal forms of commercial investment for the Genoese-Levantine trade, of course, were the "sea loan" based on partnership (*societas maris*), whereby varying sums of capital would be committed by a group of investors, at least one of whom was a "working partner;" and the *commenda* (*acommendatio*) agreement, whereby one

42 See sources cited in the preceding footnote.

43 See M. Balard 1966, pp. 469–502; J. Prawer 1972a, pp. 400–402.

44 E. Byrne 1920, pp. 197–198, 211.

or more contracting parties contributed the capital, and the other or others the labor input.[45]

The specific "terms of contract," at times, varied. But while there were frequent variations in the "divisions of profit" specified in these agreements, in the *societas maris,* the investor(s) usually provided two-thirds of the capital and received one half of the profits, distributed in accordance with their percentage shares of individual contribution. The working partner(s), in turn, would contribute the other third of the capital, bore one-third of the risk, and received half of the profit.

In the *commenda,* on the other hand, the investor generally provided all of the capital and assumed all of the risk in exchange for two-thirds of the profit; whereas the working partner contributed his "hands-on" labor but no capital. In return, he was reimbursed for his expenses and awarded one-third of the profit.[46]

"Returns on capital employed," indicative of actual profit margin, albeit erratic, also appear to have been substantial in these Genoa-Syria round-trip voyages, which typically lasted about nine months. One such sea venture is reported to have netted 33.3% in 553/1158; another 60% in 555/1160. Within the 576/1180–596/1200 two decade period, "return rates" fluctuated from 41.2% to 62.5%; whereas in years 596/1200– 601/1205, capital returns of 31%, 41%, 43%, 45.7%, 46%, and 50% were registered on various recorded business ventures.[47]

These handsome rates of return also, over time, produced demonstrable increases in the capital amounts of individual equity participation in Near East investments. The foreign investments in Syria alone of Ingo della Volta, a member of one of Genoa's five largest trading families, for instance, rose from 623 pounds in 551/1156 to 1,562 pounds in 555/1160.

As a result of various *commendae* entrusted by Ingo della Volta to Ansaldo Baialardo at Genoa for three maritime voyages to the Near East in the 551/1156–553/1158 period, moreover, the latter's capital increased from zero to 170 pounds; whereas Ingo della Volta's original investment more than trebled – rising from just 205 pounds to 635

45 See E. Byrne 1920, pp. 213 ff.; idem. 1917, pp. 135 ff., 152 ff.

46 E. Byrne 1917, pp. 153–167.

47 See the *Archivio de Stato di Genova (A.S.G.)*: "Notari Ignatio" ("Not. Ing."), ff. 3, 162; "Notario Gugliemo Cassinese" ("Not. Gugl. Cass."), ff. 48, 206, 207, 218, 222, 224, 225, 248, 252, 255, 261, 265; E. Byrne 1920, p. 214; "Notari Lanfranco" ("Not. Lanfr."), Reg. I, ff. 32, 53, 62, 65, 75, 77, 90, 99, 108, 122, 141, 142, 163, 167, 183, 184, 189, 197.

pounds. Overall, the notarial records indicate, Ingo della Volta had by now committed more than 3,000 pounds to commercial ventures in various parts of the Near Eastern Mediterranean region.[48]

Within the same era, his brother-in-law, Guglielmo Buroni, had invested over 1,650 pounds in various commercial enterprises in the Levant and Egypt – in some of which, a partner, Ido Mallonus, had likewise invested 700 pounds.[49] The capital of a Syrian trading enterprise formed by a member of a prominent Genoese merchant family, Baldissone Usodimare, is said to have risen from 264 pounds to 950 pounds in the eight years between 551/1156 and 559/1164, a nearly four-fold return on his investment.[50]

In this same period, the principal of the capital investments of Oberto of Lucca committed to Syria increased from 86 pounds to over 300 pounds, in addition to the 383 pounds that he netted in profits;[51] whereas Ribaldo di Saraphia also now built a capital fund exceeding 700 pounds through astute investments in Syrian trade.[52]

Such capital funds often contained quite sizable initial individual investments as well. In 596/1200, for instance, Simon de Bulgaro carried 1,004 pounds and six Byzantine *solidi* to the Near East for commercial investment purposes.[53] In 651/1253, Guglielmo de Camilla invested over 2,300 pounds in a Syrian trade venture that involved cloth and other goods.[54] In 647/1249, Simon Malocello closed a Syrian deal consisting of exports valued at 1,274 pounds; and the following year, he completed a similar merchandise transaction in the Levant valued at 3,904 pounds.[55]

48 See *Historia Patria Monumenta,* vol. 6, *"Chartarum" ("Chartarum")* 1853, vol. 2, nos. 304, 305, 352, 359, 424, 431, 519, 530, 664, 734, 893, 958, 995, 1421; H. Krueger 1933, p. 387; E. Byrne 1920, p. 205; R. de Roover 1941, pp. 87–92.

49 "Chartarum" 1853, vol. 2, nos. 329, 426, 619, 668, 892, 893, 923, 1115; *Historia Patria Monumenta*, vol. 7, *Liber Jurium Republicae Genuensis* (*"Liber Jurium"*) 1854, vol. 1, nos. 20, 95, 124; H. Krueger 1933, pp. 388–389; E. Byrne 1920, pp. 206–208.

50 *"Liber Jurium"* 1854, vol. 1, no. 124; *"Chartarum"* 1853, vol. 2, nos. 775, 957, 1189, 1473; E. Byrne 1920, p. 206; idem. 1928, p. 158.

51 *Liber Jurium"* 1854, vol. 1, no. 124; E. Byrne 1920, p. 209.

52 Cf. *"Chartarum"* 1853, vol. 2, nos. 267, 283, 334, 335, 394, 397, 419, 769, 770, 777, 809, 824, 865, 899, 907, 1001, 1017, 1018, 1019; *"Liber Jurium"* 1854, vol. 1, nos. 154, 197; E. Byrne 1920, p. 209; idem. 1918, pp. 182–184.

53 *A.S.G.:*"Not. Ing." f. 162; "Not. Gugl. Cass.," ff. 118, 272; E. Byrne 1920, p. 215.

54 *A.S.G.*: "Not. B. de For.," Reg. IV, f. 193; E. Byrne 1928, p. 171.

55 See *A.S.G.*: "Not. B. de For.," Reg. I, pt. 1, ff. 25, 29, 48, pt. 2, ff. 142, 143; Reg II, ff. 68, 103, 136; Reg. III, f. 167; E. Byrne 1928, p. 172; idem. 1917, passim.

These substantial returns on investment, it must be remembered, were in addition to acquired industrial and real estate holdings of many of the merchants previously cited. Indeed, many Italian business people now lived permanently in the Levant, where they owned houses, shops, farms, factories, and ships. Still other landowners elected to reside in the region for a time and then return to Italy to subsist on rentals from their Levantine properties and to open new trading ventures based upon their expanded range of Near East business contacts.[56]

It should further be recalled that while the bulk of this analysis has focused upon Genoese investments, owing to the ready accessibility of financial data available in that particular city's notarial records, similar entrepreneurial developments were now taking place amongst business people in Marseilles, Venice, Pisa, Amalfi, Gaeta, and other mercantile ports of the Mediterranean basin as well.

Notarial registers from the port city of Marseilles, for instance, indicate that over 150 contracts involving some 180 investors were concluded in a two-week period in 645/1247 in order to capitalize a forthcoming commercial expedition to the Levant; and an abundance of financial data also exists documenting the formation of similar corporate associations in many other prime maritime cities of the region.[57]

Thus, the distribution of a growing pool of private sector wealth amongst greater numbers of entrepreneurs, the reemergence of a professional merchant class, and the recharging of "profit motive" as the prime impetus for commerce in 5th/11th–7th/13th century Italy – all of these factors were profoundly influenced by the buoyant economies of the Islamic Near East and the promising possibilities for new business that they offered, as well as the quest for personal gain that they engendered.

6.4. The Transmission of New "Monetary Models"

By the onset of the Middle Ages, the rulers and traders of Europe had likewise developed an appreciation for the transactional value of the superior quality of Muslim money. Indeed, a famed chart of the economic historian Sture Bolin that compares Islamic and European coin weights

56 See *A.S.G.*: "Not. B. de For.," Reg. I, pt. 2, ff. 70, 189v; Reg II, ff. 70, 70v; Reg. IV, f. 238; E. Byrne 1928, p. 161.

57 J. Prawer 1972a, p. 401; D. Herlihy 1958, passim. See S. Bolin, 1953, pp. 12 ff., 20 ff.; C. Oman 1961, p. 19; M. H. Dolley 1961, pp. 50–51.

under Carolingian rule demonstrates conclusively that the intrinsic value of the Islamic currency was then so generally conceded that a number of European rulers deliberately emulated it both in its weight and its design to facilitate interregional monetary exchange calculations and to bolster the prestige of their own mint proceeds.[59]

Among them, the Holy Roman Emperor Charlemagne's last currency issue, struck at the onset of the 9th Gregorian century, precisely matched the ᶜAbbāsid silver dirham in weight, and even bore Arabic inscriptions from the Qur'ān that glorified Allāh (!) There likewise is evidence that other early medieval European monarchs, among them King Offa of Mercia (in what is today the United Kingdom), even counterfeited Muslim coins to produce currencies that would accelerate the access of their own international commerce into regional markets.[60]

It seems that other Western jurisdictions were now implicated in replicating the "*qualitative*" aspects of Eastern monetary systems as well. As early as the second quarter of the 11th Gregorian century, for instance, it is reported that merchants from Amalfi and Salerno were counterfeiting the perceptibly superior Islamic gold coins being struck in North Africa, called *taris*, to facilitate their market entry.

With the rise of the Muwaḥḥid dynasty there midway through the 6th/12th century, moreover, this nefarious practice appears to have expanded, with European merchants prodigiously copying that dynasty's half-*dirhams* – and issuing, by some estimates, well over three billion of them under the name *millarès* – produced both for regional resale and for transacting their own trade in Bougie, Ceuta, Oran, Tlemcen, and other North African ports of call. Indeed, even certain clerics and the official state mints in Genoa and Marseilles were reportedly involved in these nefarious activities.[58]

Nonetheless, despite the silver-denominated currency that had been put into place by Charlemagne, the fundamental commercial transactional system of Christian Europe generally remained characterized by the semblance of a system of "material exchange." For as its economy gradually devolved into feudalism – with dwindling supplies of gold and local coinage in increasingly short supply – barter moved in to fill the void in what some economic historians have labeled a "natural state."

58 G. Sambon 1912, pt. 1, pp. 80 ff.; A. M. Watson 1967, pp. 11–13; A. de Longpérier 1876, p. 46; G. Sambon 1912, pt. 1, pp. 80 ff.; D. Abulafia 1987b, pp. 241–244, 255–256.

Accordingly, medieval commercial documents of the era abound with references to transactions fixed, and settled by, remunerated labor or "in-kind" trade – as the prime media of economic exchange now became "work," food, spices, clothing, jewelry, animals, furs, and other utilitarian items immediately at hand. A horse would be traded for a cow, a piece of cloth for a pair of shoes, a pound of pepper for a tin of salt. In the poignant words of noted French economic historian Marc Bloch: "money practically ceased to play a role as a denominator of value (!)" [59]

But generally, while bartered exchange, rather than monetary, transactions were commonplace internally, in most international currency transactions, coins of foreign origin and international character continued to be employed – as the respected gold currencies that prevailed in the marketplaces of the Mediterranean basin at the onset of the commercial revolution continued to be the Byzantine *solidus,* likewise known as the *nomismata*, and the Fāṭimid *dīnār*, rechristened the *mancus* when transacted in Europe. So widespread were the circulations of these dual currencies through the region, in fact, that modern economic historians are often wont to call them "the twin dollars of the Middle Ages."[60]

The longstanding early medieval European process of experimentation in creative monetary emulation and innovation would continue – as an extremely important byproduct of Italy's "commercial revolution" was a concomitant dramatic increase in currency demand to accommodate its burgeoning Near East trade. Indeed, financing ongoing

59 M. Bloch 1939a, p. 14; idem. 1939b, vol. 1, p. 107; M. M. Postan 1973, pp. 80 ff.; P. Boissonnade 1927/1959, p. 159; D. Herlihy 1957–1958, p. 11. A historical anomaly of these extant historical documents, however, is that they frequently denominate transactions in a "dual" manner – in-kind as well as in currency. The reason lends insight to the present inquiry – for the contracting of debts in "commodities" as well as in a known currency often came in direct response to the Church's ban on usury. In other words, the monetary sum thereby stipulated was frequently only a *numeraire* – an artificial "money of account" modeled after the previously described Islamic *mukhāṭarah* contract – established to set an equivalency value for the products specified. From a legalistic standpoint, then, the essence of the agreement was not in the *specie,* nor even in the commodities exchanged; but, in reality, the actual purpose of the contract was to transact a capital-based loan. Indeed, it is the use of such contractual maneuvering that may have led many analysts to erroneously interpret and overstate the actual amount of barter ongoing at this time.

60 See H. Heaton 1948, p. 174; F. C. Lane 1985, vol. 1, pp. 11 ff.; R. S. Lopez 1951, pp. 209 ff.; C. M. Cipolla 1967, pp. 13–26; M. de Villard 1919, pp. 73–98.

massive flows of goods to and from the Levant, in itself, doubtless created substantial new currency requirements.

As market demand in the West for luxury goods of the East increased, moreover, profits concomitantly rose for its traders, invoking the need for still more money to be put into circulation. In response, Sicily, as well as the Italian city states of Venice, Genoa, Pisa, and Florence now embarked upon issuing indigenous coins in their names, thereby paving the way for the restoration of a monetary economy in Europe after a prolonged feudal "Dark Age interregnum."

Consequently, midway through the $6^{th}/12^{th}$ century, in 535/1140, King Roger of Sicily became the first European monarch since the early Carolingians to mint a gold coin, which he christened the *ducatus* or *ducat*. At about 546/1151, Pisa also began striking currency in its own name. In 566/1171, Florence likewise entered into a new minting venture with the Pisans to produce a "combined currency;" and in 650/1252, it began to mint its own gold coinage which was formally christened as the *florenus auri* or *florin.*

The issuance by the Genoese of a new gold coin, the *genovino d'or*, moreover, commenced in that same year. In 588/1192, Venice, in turn, struck a new silver *grosso,* equivalent in value to twelve *denari;* and in 683/1284, it began issuing a gold *ducat,* having the same weight and fineness as the Florentine *florin*.[61]

Thus, in direct response to the mounting trade-generated currency demands of the commercial revolution, the Italian city states pioneered the resurrection of a monetary economy in Europe – soon minting highly reputable new currencies in denominations large enough to accommodate sizable international transactions.

These coins, created in large part, as noted, to transact their accelerating volumes of Near East trade – and initially made possible because of the large quantities of gold then being poured into Europe to requite their Islamic sales – gradually won for Italian traders their long desired, ever-increasing Eastern market access. Over time, in fact, some of the currencies – the *florin* and *ducat* in particular – would come to earn a stature in international acceptability and standard of value comparable to that of the American dollar today.

61 *Archivio di Stato di Venezia,* "Maggior Consiglio," Reg. "Luna," c. 48v*;* N. Papadopoli 1893, vol. 1, p. 113; F. C. Lane 1985, pp. 92 ff., 107 ff., 174 ff.; D. Herlihy 1954, p. 151; C. M. Cipolla, 1967, pp. 20 ff.; P. Grierson 1973, passim.

Its trade with the Islamic East also contributed to medieval Europe's "monetary renaissance" in other important ways. Among them, the Italian merchants' exposure to the Fāṭimid empire's well-functioning monetary economy – and the great facility for concluding major international commercial transactions that its prestigious coins afforded – cannot have failed to have developed within European minds a greater appreciation for the evident market benefits that a proven major currency could yield.

The Crusader movement, and the train of Italian merchants that accompanied it, also doubtless intensified European proclivities toward the restoration of a monetary economy – as its massive logistics requirements generated commercial spin-offs for creative new ventures, while its conquests yielded booty as well as ransom proceeds.

The Crusades likewise gave the West Europeans greater experience in the actual production of an internationally accepted currency – thereby setting into process a long, curious episode in the eventual evolution of a new trans-European monetary system – commencing when the Crusaders' initial military victories caused a number of Fāṭimid Levantine mints to fall into their hands.

Indeed, counterfeiting the Fāṭimid *dīnār* in the 6th/12th century, they soon created their own gold coins, the *bisanti saracenati* or *"bezants."* Though debased, these imitations seem to have won an initial favorable market reception – as coincident with the capture of the last Syrian mint at Tyre in 516/1122, Crusader gold coinage came to assume an increasingly prominent role in international commerce conducted between the Muslim East and Christian West.[62]

The Fāṭimids, in turn, took so seriously the mounting threat that this counterfeiting – and the resulting "crisis of the *dīnār*"– posed to their monetary operations that in 514/1120, a special investigation was undertaken to determine optimal means to prevent counterfeiting and preserve quality currency production at the mints – resulting in an official report that was preserved in a report a century later.

Titled "Exploring the Scientific Secrets of the Egyptian Mint" (*Kashf al-Asrār al-ᶜIlmīyah bi-Dār al-Ḍarb al-Miṣrīyah*), its proclaimed objective was to redesign internal currency production oper-

62 On this European counterfeiting, see Ibn Khallikān 1882, vol. 2, p. 189; H. Lavoix 1877, pp. 5 ff.; P. Balog and J. Yvon 1958, vol. 1, pp. 133 ff; A. S. Ehrenkreutz 1964, pp. 177–179; L. Blancard 1879–1880, pp. 151 ff.; M. Bates 1974, pp. 393–409.

ations to "fix the standard of gold at a level that could never be emulated or surpassed."[63]

But these monetary developments, predictably, produced a significant "double-edged" impact replete with far-reaching ramifications for the future economic course of both the Near East and Europe. For on the one hand, the Crusader counterfeits wrought devastating havoc upon the erstwhile prestige of the Fāṭimid *dīnār* both in Egypt and within international markets.

Already by 524/1130, due to increasing gold shortages caused by the loss of its African precious-metals-producing territories, Fāṭimid Egypt's erstwhile superior standard for *dīnārs* – heretofore issued at precisely fixed content, quality, and weight standards – had begun to deteriorate. This deterioration steadily mounted to crisis proportions, moreover, until late in the 6th/12th century when Egypt's ruler, Salāḥ al-Dīn al-Ayyūbī, devalued its existing bimetallic coinage and converted the country to a new monetary "silver standard."[64]

As a consequence, gold now became "commercially unfettered" – possessing a free floating value determined by the open market. At the same time, because of the Crusader war zone then engulfing Egypt's eastern Mediterranean shipping lanes, the level of that country's exports also fell significantly, jeopardizing its international payments balance which had already been badly destabilized by the critical need for increased purchases of war materials from Western Europe and elsewhere.[65]

This coalescing of adverse financial and commercial factors, together with the great damage to the *dīnār's* reputation already done by counterfeiting, then, evoked predictably unfavorable internal reactions from the highly market-sensitive Egyptian consumers who now determined to hoard their better coins.

Yet again true to the time-tested tenets of "Gresham's Law," the lower quality Crusader-fabricated coins increasingly drove the higher quality Fāṭimid *dīnārs* from public circulation.[66] Indeed, in an explicit

63 Ibn Baᶜrah 1966, pp. 49–50; A.S. Ehrenkreutz 1964, pp. 178–179; idem. 1954, p. 164.

64 See L. Lanfranchi 1968, vol. 2, pp. 405–406; A. S. Ehrenkreutz 1964, pp. 177–179; idem. 1956, pp. 178–184; Ḥ. Rabīᶜ 1972, pp. 171, 174–178; M. de Boüard 1939, pp. 446–461; P. Spufford 1988, pp. 166 ff.; T. Walker 1983, p. 40.

65 See sources cited in the preceding footnote.

66 A. S. Ehrenkreutz 1964, pp. 177–179; Ḥ. Rabīᶜ 1972, p. 17; T. Walker 1983, p. 40.

acknowledgment of the workings of this market-proven precept, the 9th/15th century Egyptian historian al-Maqrīzī asserts that in the reign of Salāḥ al-Dīn:[67]

> Gold and silver departed [from Egypt] never to return – and in their absence, the masses became distraught. It became that whenever the red [highest quality] *dīnārs* were mentioned, it was done with deep reverence – and if one fell into one's hands, it was an omen from heaven.

Thus, massive repercussions reverberating from the Crusaders'"creative counterfeiting" ventures struck with devastating impact upon Fāṭimid gold coinage within the confines of Egypt itself, causing it to resort to the coining of a new silver-based currency as its official tender.[68]

An unfortunate corollary that attended these adverse financial developments, moreover, was the apparent external damage inflicted upon the *dīnār's* renown in Mediterranean marketplaces at large. For over time, the increasing prominence of the Crusaders' "*bezant* " in contemporary mercantile transactions, as reflected in existing archived commercial documents, suggests a convergence toward a greater parity in the relative quality levels of the twin currencies – with the fortunes of Christian coinage ascending as the quality level of its Islamic counterpart correspondingly declined.

Ehrenkreutz, Watson, and Lopez, among other prominent economic historians, in fact, advance the compelling argument that the Crusaders' deliberate imitation of the Fāṭimid *dīnār,* paradoxically, and doubtless likewise inadvertently, concurrently created a gaping currency void that would soon pave the way for the introduction of the aforesaid new currencies by the Italian city states in Europe commencing in the 6th/12th century.

Speaking precisely to this point, R. S. Lopez states:[69]

> Willingly or unwillingly, the East had supplied the West with the more valuable currency that the latter needed for its larger transactions throughout the long 'silver age' of Catholic Europe.

67 Al-Maqrīzī 1967, p. 28. On this currency circulation phenomenon also, see A. M. Watson 1967, pp. 3 ff.; T. Walker 1983, pp. 29 ff.

68 A. M. Watson 1967, pp. 5–6.

69 See R. S. Lopez 1957, pp. 219 ff.; A. S. Ehrenkreutz 1964, pp. 177–180; A. M. Watson 1967, pp. 10–11; T. Walker 1983, pp. 29 ff. Indeed, as late as 1250 and 1253 A.D., papal legates to the Near East were attempting to ban the issuance of such Crusader coins with Islamic inscriptions on religious grounds.

> But the gold coins of the East, like the silver coins of the West, had such great deterioration in weight and alloy that by 1252, they were no longer fit to serve as a supra-national tender.

Beside these significant monetary developments, it appears that there was now an East-West "international arbitrage" in precious metals as well [70] – as dominated by the financial machinations of Italian traders in particular, medieval western merchants were now able to capitalize upon the disequilibrium of "gold/silver" exchange rates then obtaining within their market areas.

For with Au/Ag ratios of 12:1 within the Christian West, 14:1 within the *Dār al-Islām,* and 17:1 within Byzantium, it soon became extremely profitable for them to export their gold abroad and trade it for local products or indigenous silver.This arbitrage phenomenon, more than any other, in fact, may have precipitated the ongoing "foreign currency meltdown" hypothesized in Chapter 5.5-E – and would certainly explain the relative absence of Islamic gold *dīnārs* in medieval Western European surviving coin hoards – as well as that region's gradual, but inexorable, shift to a silver-denominated currency.

Thus, Crusader 6th/12th century experimentation with the minting and dissemination of currency, both cast and uncast, produced profound changes on the medieval Mediterranean financial scene – precipitating southern Europe's restoration of a gold-based currency, as it hastened economic regression in the Near East.

As an important byproduct of this process, then, there can also be little doubt that the Muslims' monetary economy played a powerful

70 On these currency developments, see R. Bautier 1971, pp. 166–169; C. Cahen 1981, p. 12. Another apparently quite prevalent contemporary Italian financial practice involving the use of *arbitrage* allowed merchant bankers to circumvent the Church's ban on usury by earning profits through deliberately structuring "multiple currency" trade transactions – employing a monetary derivative of the Islamic "*mukhāṭarah*" precept. In one such instance early in the 7th/13th century, for example, a Genoese banker's contract specified that the lender could repay his commercial loan at a trade fair in the forthcoming month. The loan was to be repaid, however, not in the original Genoese currency, but in that of Provins, which was deliberately undervalued in the agreement vis-a-vis current market exchange rates. The contract further contained a clause invoking a 3% additional devaluation of the Provins currency for each successive trade fair that the note continued to be unpaid. Under these terms, then, were the merchant to miss payment at six successive trade fairs, his *annual* interest rate would have accrued to an exorbitant 335% (!). (On this practice, see, R. de Roover 1969, pp. 22–23; A. Wildavsky and C. Weber 1986, pp. 162–163; D. Abulafia 1987c, p. 23.)

catalytic role in regenerating a parallel financial system in the Christian West – through stimulating bilateral trade, which resulted in greatly increased currency demand, and equally by exposing increasing numbers of Western European merchants to the transactional merits of a superior coinage.

For though initially coming to the Near East to exploit its lucrative commercial opportunities, these merchants proceeded to assimilate many of its more advanced business practices pertaining to the effective employment of capital, and then returned to the West with their newly learned financial techniques. The restoration of a sound monetary economy in Europe thus came about, in no small measure, as an integral product of those interactions.

6.5. The Transmission of New Forms of Business Association

Not only did medieval European rulers deliberately emulate the superb coinage of the Muslims, moreover, the evidence is compelling that they also copied many of their forms of corporate association. Indeed, in this "economic technologies transfer process," common challenges seemingly invoked similar solutions – as no small part of the ongoing "contractual borrowing" was doubtless triggered by the Holy Roman Empire's imposition of a parallel religious-based ban on interest-bearing transactions commencing with Charlemagne's coronation on Christmas Day 800.

For as medieval Western Europe sank ever more deeply into the morass of its "Dark Age economics" – a feudal transactional system characterized by barter through the denial of profit motive via "capital fructification" to Christian entrepreneurs – enterprising Italian merchants now turned to the Arab East for new means and better models to sustain more buoyant and productive trade.

The transformation commenced with the emergence of more effective forms of corporate organization explicitly designed for the purposes of extending credit and accumulating and investing business capital. Foremost amongst these new corporate structures was the *commenda (accomendatio)* contract which, in the $5^{th}/11^{th}$ century, increasingly appeared beside the longstanding "sea loan" (*societas maris)* as a means of credit.[71] By the mid-6th/12th century, in fact, the *commenda* had largely supplanted the more primitive "sea loan" as a prime business structure for investment, as Italian maritime historian E. H. Byrne asserts:[72]

> The *acommendatio* had displaced the *societas* as the favorite association for trade with Syria in the last quarter of the twelfth century because of certain changes that had occurred in the character of trade and because of certain inherent features of the *acommendatio* which made it more adaptable to foreign trade in general toward the end of the century. . . .
> The commerce with Syria had become much more of an export trade than in the earlier period, although cash still went East in large masses to bring back to Genoa the previous goods of the Orient. Those with very little money, and a stock of desirable wares, now engaged in the trade. The risks were far less; and individual merchants could afford to assume the entire risk without forming a partnership for the purpose of dividing possible losses.
> With the growth of Syrian trade and Genoese commerce in general, moreover, a class of businessmen had grown up who were skilled in trade abroad, who probably spoke foreign dialects, and who were eager to secure the use of capital or merchandise that they either did not possess or could not produce. The *acommendatio* better suited all of these conditions than did the *societas.*

Such *commenda* contracts closely resembled their Islamic antecedents. For each round trip merchandising voyage, there usually were two or more contracting parties. Generally, one single large investor, or a consortium of small investors, supplied the capital, as a one-fourth/three-

71 E. Byrne 1930, pp. 12 ff.; idem. 1920, pp. 213 ff.; H. Kreuger 1961, p. 74; G. Astuti 1933, pp. 7 ff., passim; A. Sayous 1929, vol. 1, pp. 164 ff.; R. S. Lopez and I. W. Raymond 1955–1956, pp. 174 ff.; R. S. Lopez 1976, p. 76; idem. 1987, vol. 2, pp. 313–314, 323, 364–365; D. Abulafia 1987b, passim; M. A. Cook 1974, p. 128; A. Wildavski and C. Weber 1986, pp. 163–164; M. Knight 1926, pp. 123 ff.

72 E. Byrne 1917, pp. 168–169; H. Kreuger 1961, p. 74. The 1st/7th century Muslims, were, of course, not the first to wrestle with the need to establish effective corporate structures to provide ready credit and capital to underwrite new business ventures. The prototypic trading partnerships of Mesopotamia (*tappatu*), the Greek and Roman maritime lending corporations (*societas maris*), the Jewish *ᶜiṣqā',* and the Byzantine *chreokoinonía* all represented early efforts to come to grips with the imperative of financing trade transactions, a commercial need that first emerged in antiquity and then gained momentum with the evolving volumes of commerce that characterized the late Middle Ages. (On the evolutions of these early commercial corporations, see A. Udovitch 1962, pp. 119 ff.; R. S. Lopez 1966, p. 141; idem. 1986, p. 160; G. Artuse 1913, passim; L. Goldschmidt 1891, passim.)

fourths partnership would be consummated whereby, in exchange for a one quarter share of the profits, a non-investing partner contracted with other investor(s) to carry the goods in transit, negotiate their sale, and return to the port of origin to distribute the original equity capital and profits – and usually a reverse cargo of Eastern vendible goods that were to be sold in markets throughout Europe as well.

Investor(s), in turn, received a concealed interest equivalent to three quarters of the profits but bore total risk if the venture were to be unsuccessful. The evidence presented in the notarial records suggests, however, that the buoyant rates of return on these productive investments generally justified the risks inherent in the capital commitments.[73]

The evolution of these new corporate structures was obviously a significant leap forward in the business history of medieval Europe. The noted analyst of European economic history, Robert LaTouche, has, in fact, called the *commenda* the "first capitalistic operation cited in medieval history:"[74]

> For the dawn of medieval capitalism, we must turn to Venice. Several documents, though they are very few in number, throw light on its early stages. It first appears in the form of a contract of *commenda,* in which a man with means, with liquid capital at his disposal, and a number of gold *solidi* that he had saved up, lent his money to a merchant sailor. He unhesitatingly accepted his share of the risks inseparable from seagoing trade, then divided with him the profits of the undertaking if it succeeded.

References to the *commenda* contract appear in Italian business documents as early as the 3rd/9th century. A Venetian will dating to 214/829, for example, refers to a sum of 1,200 pounds being invested in a maritime *commenda.* A pact dated 225/840 between the Venetians and the Carolingian emperor Lothar addresses the *commenda* in regulating the transaction of trade.[75]

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73 D. Waley 1967, p. 47; A. Wildavski and C. Weber 1986, pp. 162–163; R. S. Lopez 1987, vol. 2, pp. 267–268.

74 R. LaTouche 1967, pp. xv, 264.

75 *Legum Capitularia Regnum Francorum* 1883/1897, vol. 2, pt. 1, pp. 17, 134; R. LaTouche 1967, pp. 265 ff; R. S. Lopez 1962, pp. 141–142; R. Bautier 1971, p. 42. In the Latin: "*et hoc stetit de cautionibus sive de quibuslibet commendationabus.*"

A Venetian document dating to 364/975 describes the process of contracting a *commenda* agreement.[76] The oldest *commenda* contract in existence, however, is a Venetian agreement dating to 465/1074. Of the *collegantia* variety described below, the pact contains general provisos typical of a form that would later become standard in the Italian city states in the 6th/12th century. In it, the investor agreed to provide two-thirds of the capital and the merchant one-third, with the parties sharing equally in the profits, as delineated in its text:[77]

> I, Giovanni Lissado, have received from you, Sevasto Orifice, son of Ser Trudimundo, and from your heirs, the sum of 200 (Venetian) pounds. I personally have invested 100 pounds. With this capital, we have thus acquired two shares in the vessel captained by Gosmiro da Molino. I undertake to bring this capital with me on the voyage. . . .
> I commit to putting this entire capital sum to work and employing it to the best of my ability. Then, if the capital is preserved, we are to share any profits that the Lord may grant to us in exact halves and without engaging fraud or trickery.
> Whatever I can gain from these goods from any source, I am obliged to invest in our trust. Should any of these commodities be lost at sea or because of *force majeure,* and it is proven – may this be avoided – then neither party has the right to demand of the other for them. Should, however, some of them survive, then in the proportion that we invested, so also shall we share."

Other surviving 6th/12th century Italian a*commendatio* contracts with a similar format date to the months of Dhū al-Ḥijjah 586/January 1191[78] and Ṣafar 595/December 1198[79] – suggesting that this form of contract may now well have been a principal vehicle for corporate trade association amongst Mediterranean merchants trading in the Near East.

The *commenda's* terms of engagement took on two essential structures. In the *commenda* proper's simplest deployment, the investor provided all of the capital, while the merchant supplied the basic labor input. Usually, in such an agreement, the investing partner would re-

76 R. S. Lopez 1951a, pp. 8 ff.; idem. 1962, pp. 141–142; R. Latouche 1967, p. 265; Y. Renouard 1949, pp. 16 ff.

77 *Documenti del Commercio Veneziano nei Secoli XI-XIII* 1940, vol. 1, pp. 12–13; R. S. Lopez and I. W. Raymond 1955–1956, pp. 176–177; R. S. Lopez 1959a, p. 81.

78 *Guglielmo Cassinese, 1190–1192* 1939, vol. 1, pp. 51–52; R.S. Lopez and I. W. Raymond 1955–1956, pp. 181–182; R. LaTouche 1967, pp. 261 ff.

79 *Bonvillano (1198)* 1939, pp. 128–129; R. S. Lopez and I. W. Raymond 1955–1956, pp. 182–183.

ceive three-fourths, and the working partner, one fourth, of the final profit proceeds. Though neither partner would receive any remuneration when enduring lost profits, the investor bore all of the risk in case of loss whether from his personal negligence or acts of God.[80]

In a more sophisticated multilateral form of the *commenda* known as the *collegantia* or *colleganza,* however, the investing partners would contribute two-thirds of the total capital and the merchant one-third, in addition to his labor. The profits were then divided equally between the capital and labor components; whereas losses were shared proportionate to capital contribution. In substance, then, the *collegantia* was really an evolutionary form of the original Genoese *societas maris.*[81]

Commenda contracts thus offered to medieval Italian merchants and investors numerous distinct financial advantages. For the merchant, it provided instant capital to expand his mercantile operations. For the investor, it afforded a ready opportunity to commit his capital productively while assuming only limited liability.

Whereas under a "partnership,"an investor incurred liability to the full extent of his property holdings, moreover, under the *commenda,* he was liable only to the extent of his capital investment. In addition, because there was no minimum funding limit set on *commenda* investments, a would-be financier could spread the risks to his capital sum further still by committing it to a number of smaller contracts rather than just a single larger one.

Precisely for these liability and flexibility reasons, then, the *commenda* became a popular corporate investment structure throughout medieval Italy and beyond.[82] Indeed, there is abundant evidence within the medieval notarial documentation that suggests the increasing use of

80 R.S. Lopez and I.W. Raymond 1955–1956, pp. 174–175; R. LaTouche 1967, pp. 265–266; R.S. Lopez 1976, pp. 76–77; C.M. Cipolla 1976, pp. 183–187; R. Doehaerd 1941, pp. 41 ff.; H. Heaton 1948, pp. 166–167; M.M. Postan 1973a, pp. 68–69; E. Byrne 1917, pp. 152 ff.

81 J. Pryor 1977, pp. 13–14; idem. 1987, p. 191; R.S. Lopez and I.W. Raymond 1955–1956, pp. 174–175; F.C. Lane 1987a, pp. 69 ff. Over time, the "*commenda*" and the "*collegantia*" contract prototypes came to be explicitly codified into the municipal statutes of the Italian various city states. The oldest of such statutes still existing that regulated the *commenda* is the Pisan *Constitutum Usus* of 551/1156.

82 See R. de Roover 1965, p. 53; J. Pryor 1977, pp. 7–13.

commenda contracts in Near East-Italian trade throughout the course of the 6th/12th century.[83]

Between 551/1156 and 553/1158, as noted, the prominent Genoese merchant Ingo della Volta was the "investing partner" in a *commenda* relationship with Ansaldo Baialardo, the "traveling merchant partner" – in a two-year period wherein Ingo della Volta's 205.4 Genoese pound initial investment in the enterprise more than trebled, while Baialardo's capital stock rose from zero to 142 pounds.

In similar investment agreements contracted by Ingo della Volta, in a *commenda* accord with Igno Nocenzio, his capital appreciated from 300 pounds to 410 pounds in the years 551/1156–552/1157 – and then to 689 pounds in the 552/1157–555/1160 three-year period.[84] At the same time, his investments increased from 484 pounds to 753 pounds in a trade contract structured with Opizo Amico Clerico.[85] In this particular three-year period, in fact, the aggregate value of Ingo della Volta's sizable Syrian investments, consisting primarily of *commenda* contracts, rose from 623 pounds up to 1,562 pounds, an increase of nearly 250%.[86]

In like manner, in 587/1191, Obertus de Josberto traveled to Syria carrying 504 pounds in investment capital provided through a *commenda* agreement with his father.[87] When Simon de Bulgaro went to Syria in 596/1200, he brought with him, in addition to the 700 pounds of his own capital that he intended to invest, seven *commenda* contracts tailored to accommodate the investment interests of various business associates.[88]

Notarial estate entries itemizing the holdings of decedents suggest that wealthy senior individuals also often had substantial sums tied up in such *commendae* – with 27 contracts totaling 1,601 Genoese pounds in the instance of Armano di Bonifacio,[89] 23 that were valued at 1,107 pounds for Guglielmo Malfiliastro,[90] and 132 involving the staggering

83 G. Duby 1974, pp. 261–262; J. Pryor 1977, pp. 7–13; R.S. Lopez 1987, vol. 2, p. 306; E. Byrne 1930, pp. 49 ff.; G. Hodgett 1972, p. 63.

84 E. Byrne 1920, p. 205.

85 E. Byrne 1920, p. 205.

86 E. Byrne 1920, p. 205.

87 E. Byrne 1917, p. 161.

88 See the *Archivio di Stato di Genova (A.S.G)*: "Not. Ing.," ff. 162, 164; "Not. Gugl. Cass.," f.207; E. Byrne 1917, pp. 160, 165.

89 V. Vitale 1936, pp. 57–59.

90 R.S. Lopez 1936, pp. 210–211, 247–249; R.S. Lopez and I.W. Raymond 1955–56, pp. 92–94; H. Heaton 1948, pp. 166 ff.

sum of 22,935 pounds for Raniero Zeno and his various corporate affiliates.[91]

In the notarial records of the $6^{th}/12^{th}$–$7^{th}/13^{th}$ centuries, several hundred examples of recourse to this contract form are preserved [92] – showing, in particular, that the use of such *commendae* grew dramatically in the second half of the $6^{th}/12^{th}$ century. They reveal new corporation formations to conduct trade on the Genoese autumn trading convoys to Syria, for instance, committed at annual levels ranging from a low of just 37 contracts representing 80 investors in 586/1190, to 132 contracts involving over 300 major investors in 601/1205.[93] Describing this development of a more widespread Genoese investor interest in the vibrant Near East trade, Byrne asserts:[94]

> In the weeks preceding the departure of these ships to Syria, such commerce was the dominant interest in the life of the entire city; as the last days before sailing were given over almost entirely to the Syrian trade.

Midway through the $7^{th}/13^{th}$ century, in fact, one prominent Genoese investor, who would later become Pope Innocent IV, was particularly active in this trade. Not only did this future papal ruler invest very heavily in merchant voyages, the sources indicate, there are documented instances of his relatives also using the *commendae* to engage in significant Islamic commerce.[95]

From a strict economic development standpoint, this proliferation of *commenda* contracts suggests the emergence of two other important business trends as well. First, predicated upon their growing ratios of outside investor capital to personal contributions – ranging from 66% (2:1) to 100% – they suggest that European-Near East commerce was now growing at a rate at least twice as fast as the ability of individual Italian merchant houses to accommodate it employing their own, internally-generated, financial resources.

Second, because the terms of the *commenda* agreements typically stipulated no minimum investment, they were relatively easy to contract, thus allowing increasing numbers of minor investors to par-

91 G. Luzzatto 1961, p. 119.

92 Cf. E. Byrne 1917, pp. 152 ff., p. 162, note 2, in particular; idem. 1920, pp. 211 ff.; C. Hoover 1926, pp. 505 ff.

93 Cf. *A.S.G.*: "Not. Gugl. Cass.," ff. 35, 36, 37, 46, 47, 48, 52–58, 195 ff., 242–273; E. Byrne 1920, pp. 211–212; H. Kreuger 1961, p. 74.

94 E. Byrne 1917, p. 135.

95 T. Walker 1983, p. 51.

ticipate – as a unique form of small business "populist capitalism" now began to emerge throughout medieval Italy.[96]

From Italy, the use of *commendae* spread rapidly to the other prime maritime cities within the Mediterranean basin.[97] By the close of the 8th/14th century, they were employed in such major entrepôts as Marseilles, Barcelona, and elsewhere within medieval Europe – as the early seeds of pragmatic capitalism spawned by the commercial revolution now began to set deep roots.

As with Italy, moreover, these *commendae* were now coming to be used not only by professional merchants to finance overseas commerce but likewise by major passive private investors and other common citizens seeking profitable returns on their surplus capital. Modern western capitalism was, in fact, being born, with the *commenda* contract its most tangible manifestation.

What was responsible for such dramatic new developments? The expanded credit facilities made possible by these new forms of corporate association certainly played a crucial catalytic role – though the specific provenance of the particular business structures themselves remain somewhat obscure.

Indeed, economic and business historians alike have debated at length the origins of the Italian *acommendatio* contract, more commonly known as the *commenda* – a business agreement that, as demonstrated, played the same "interest-evasive" capital mobilization role for commercial and industrial ventures in the medieval West that the *muḍārabah* had long played in the Islamic East.[100]

In seeking to perceive its actual provenance, three juridically-based contract forms are today most often suggested as the possible originat-

96 E. Byrne 1917, pp. 147, 150; idem. 1920, pp. 200, 211–212; H. Kreuger 1961, p. 74.

97 On these developments, see M. M. Postan 1927–28, pp. 251 ff.; idem. 1973a, pp. 70 ff.; R. LaTouche 1967, p. 267; J. H. Pryor 1984, pp. 397 ff., and pp. 406–409, 440; idem. 1987, pp. 135 ff.; idem. 1987a, pp. 1 ff.; idem. 1977, pp. 6 ff.; D. Abulafia 1987, pp. 19 ff.; F. C. Lane 1987a, pp. 77–78; A. Sayous 1929, passim.

In a two week period in Dhū al-Ḥijjah, 646/March, 1249, for instance, 132 *commenda* contracts were concluded for a convoy sailing between Marseilles and Acre. In a five month period in that same year, 54 ships left Marseilles for the Levant all carrying *commendae*-entrusted merchandise.

Lending further credence to this particular Eastern propensity for the *commendae,* ships outward-bound for the Near East from Marseilles in this period averaged 14 *commenda* contracts; whereas those destined elsewhere averaged just 2.8 such contracts. (On these developments, see J. H. Pryor 1984, pp. 406–409; D. Abulafia 1987c, pp. 26–30.)

ing prototypes – the Jewish *ᶜiṣqā'*, the Byzantine *chreokoinonía*, and the Islamic *qirāḍ/muḍārabah* – and amongst these various possible financial structures, consensus has evolved among numerous scholars of medieval business history that the *qirāḍ/muḍārabah* is the *commenda's* most probable antecedent.[98]

Goitein, in ruling out the *ᶜiṣqā'* as a likely source of the contract's emulation, for instance, would prefer to equate the *qirāḍ/muḍārabah* with the *commenda* because, he states:[99] "this medieval form of business cooperation in Europe was essentially the same as its Muslim counterpart and was perhaps derived from it."

In observing that the *qirāḍ* and *commenda* contracts both specified distinct and identical "start-up," transit, business transaction, return voyage, distributions of business proceeds, renderings of account, and dissolution procedures, European business historian John Pryor reaches a similar conclusion:[100]

> There are certain peculiar similarities so striking as to suggest strongly a certain degree of the exchange of ideas between the two contracts. They are:
> – Transfer of control over the capital in question was prerequisite for both the *qirāḍ* and the *commenda;*
> – In both *qirāḍ* and *commenda,* the ownership of the capital remained with the capital-investor; though the labor-investor retained absolute control over it. . . .
> – In both the *qirāḍ* and *commenda,* there were two separate types of arrangements with respect to the labor-investor's freedom to manage the enterprise. . . and
> – With respect to the mechanics of how the division of profits was accomplished, the *qirāḍ* and *commenda* paralleled one another.

98 On this debate, for instance, see J. Kohler 1885, passim; D. Santillana 1938, vol. 2, pp. 323–344; A. Gaiani 1953, pp. 81–86; S. D. Goitein 1967, p. 59; idem. 1964a, pp. 318 ff.; A. Udovitch 1970a, p. 48; idem. 1962, pp. 198 ff.; J. H. Pryor 1977, pp. 15 ff.; R. S. Lopez 1976, p. 76; idem. 1987, vol. 2, pp. 267, 313–314; A. Lieber 1968, p. 241; On the continuing evolution of the *commenda,* J. H. Kramers (1931, p. 105) asserts:

> Next to knowledge of the bill of exchange, the concept of the joint stock company was acquired by the partnership of Muslim and Christian Italian merchants.

99 S. D. Goitein 1964, p. 310; idem. 1967, p. 59. See C. Cahen 1977d, pp. 52 ff.; M. A. Cook 1974, p. 128, also.

100 J. H. Pryor 1977, pp. 33–36; idem. 1983, pp. 148 ff.

He concludes that:[101]

> The four points discussed above were by no means the only points of close similarity between the *commenda* and the *qirāḍ*. However, these four were isolated because they illustrate peculiar and specific characteristics of the two contracts which lead to the suspicion that there was some degree of influence by one contract upon the other.
> In which direction that influence moved is not possible to say although, because the Muslim legal sources upon which much of our knowledge of the *qirāḍ* is now based predate the earliest references in the West to *commenda,* the influence would have been from Islam to Christianity and not vice versa.

Abraham Udovitch concurs:[102]

> The *qirāḍ,* it can be unequivocally stated, is the earliest example of a commercial agreement identical with later *commendae* and containing all of their essential features.
> Although commercial arrangements likewise resembling the *commenda* were known within the Near Eastern and Mediterranean world from earliest times, it is the Islamic version of this contract (*qirāḍ, muqāraḍah, muḍārabah*) which is the earliest example of a commercial agreement identical with that economic and legal institution which became known in Europe as *commenda.*
> It thus appears quite likely, then, that the *commenda* was an institution indigenous to the Arabian Peninsula which developed in the context of the pre-Islamic caravan trade. With the Arab conquests, it subsequently spread to the Near East, North Africa, and then ultimately to Southern Europe.

In addition to the aforesaid parallels noted by Pryor, Udovitch, and others, moreover, there are also other compelling similarities between the *muḍārabah* and the *commenda* that support such conclusions. The agreements, for instance, usually shared in common:[103]

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101 J. H. Pryor 1977, p. 36.

102 A. Udovitch 1962, p. 207; idem.1970a, p. 48.

103 Cf. al-Shaybānī n.d., fols 45A, 46A, 47, 70, 74, 76, 82, 112, 134, 135, 161B, 162B, 168, 169; al-Zurqānī 1936, pp. 345–357; al-Sarakhsī 1986, vol. 22, pp. 27, 54–55, 62–64, 67; S. D. Goitein 1964, p. 310; idem. 1967, p. 59; A. Udovitch 1962, p. 207; idem.1970a, p. 48; J. H. Pryor 1977, pp. 33–36; idem. 1983, pp. 148 ff. Thus, though the possibility cannot be discounted that the varying forms of early corporate association – the Italian *commenda,* the Jewish *ʿiṣqā',* the Byzantine *chreokoinonía,* and the Islamic *qirāḍ/muḍārabah* – developed independently, or from sea loan antecedents that date back to Graeco-Roman (*societas maris*) or even Babylonian (*tappatu*) times, the evidence is quite compelling that the evolution and structure of the *commenda* – the most tangible symbol of medieval

- an explicit delineation of corporate objectives;
- precise descriptions of the partners and the nature and extent of their participation;
- explicit formulae for apportioning profit and loss;
- prescribed procedures governing expenditures, expenses, and accounting practices;
- precisely defined "conflict of interest," agency responsibility, and partner liability codicils; and
- provisos specifying contract duration as well as procedures for termination.

Accordingly, though not unequivocal in documenting its provenance, compelling circumstantial evidence suggests that Italy's *commenda* accord – which became medieval Europe's principal capital-contracting mechanism for engaging productive trade – was borrowed directly from the *muḍārabah* of the Islamic East that preceded it in origin.

While questions about antecedents of the *commenda* may remain, however, there is no question whatsoever that the Islamic "double sales contract" was directly copied by the merchants of medieval Europe, where, as noted, it even took on the Latin technical term *mohatra,* after its Arabic equivalent: *mukhāṭarah.* At a somewhat later date midway through the 11^{th} Gregorian century, in fact, the use of the contract would become so prevalent that Church proceedings would condemn the grievous error "as whereby the *mohatra* contract has become legitimate."[104]

Numerous examples of the European derivative of the Islamic *mukhāṭarah* have also been preserved in the various Italian notarial archives. Indeed, an historical anomaly of such extant documents is that they frequently denominate transactions in a "dual" manner – in kind as well as in currency – with the transparent motivation for this legalistic maneuver lending illuminating insight to the present inquiry. For the con-

western capitalism – were most heavily influenced by the Islamic prototype. For as noted in the text, Italian merchants extensively engaged in trade with the Near East in the course of the $4^{th}/10^{th}$ to $6^{th}/12^{th}$ centuries were now directly exposed to the workings of this innovative corporate prototype – and in this direct exposure, they cannot have failed to appreciate its flexibility and corporate efficacy. (On these developments, see C. Hoover 1926, pp. 485 ff.; R.S. Lopez 1976, pp. 74–76; R.S. Lopez and I. Raymond 1955–1956, p. 174; G. Calhoun 1930, pp. 561 ff.; G. Savoli 1929, passim.)

104 J. Schacht 1964, pp. 79 ff.; M. Rodinson 1978, p. 36. In the Latin, "whereby the *contractus 'mohatra' licitus est.*"

tracting of debts in "commodities" as well as in a known currency seemingly came as a direct challenge to the Church's rigidly enforced ban on "usury," which it defined to be all interest-bearing transactions.

Accordingly, the monetary sum stipulated most frequently represented merely a *numeraire* – an artificial "money of account" modeled exactly after the previously described Islamic *mukhāṭarah* contract established to set an "equivalency value" for the products specified. From a legalistic standpoint, the essence of the agreement was not in the monetary *specie* itself nor in the specific commodities contracted to be exchanged, therefore, but, in the fact that the actual intended purpose of the contract was to transact a capital loan.[108]

The Byzantine gold currency then known as the *solidus* or *nomisma,* the Muslim *mancus,* and the Carolingian *denarius*, all were commonly used as such capital denominators.[105] Indeed, in a 2nd/9th century Italian clerical document, the specified exchange rates of these coinages are indicated not as currency, but rather as weighted values, from whence the currency term "pound" likewise derived.[106]

The Venetian *librae,* a non-circulating "denomination of account" that had originated in Carolingian times, was a similar benchmark of equivalency value set at twenty *solidi* or 240 *denarii.*[107] Such monetary indicators, as noted, were primarily employed to establish arbitrary values in *mukhāṭarah*-type loan repayment contracts.

Hence, a debt agreement for four *solidi* concluded in 292/905 stipulates that it be redeemed with food, cloth, and wine, though an equivalent cash repayment, in lieu of kind, was probably the intent. A capital debt of twenty *solidi,* cited in a French financial document dated Rabīᶜ I 501/November 1107 was similarly, on paper at least, specified to be settled with a horse.[108]

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105 C. M. Cipolla 1967, pp. 3–7; G. Luzzatto 1961, pp. 119 ff.; R. S. Lopez and I. W. Raymond, 1955–1956, pp. 147 ff.

106 C. D. F. DuCange, *mancusa* likewise cited in C. M. Cipolla 1967, pp. 7 ff.; see also N. J. G. Pounds 1974, pp. 119–121. In the Latin:

> *et pro hac donatione praedictus clericus dedit eidem regi centum cancusas in duabus armillis et nota quod mancusas est "pondus" duorum solidarum et sex denariorum.*

107 L. B. Robbert 1971, pp. 8 ff.; F. C. Lane 1987b, pp. 43 ff. Actually, the *librae* was not a coin in circulation at this time at all, as noted, but rather merely a denomination of account.

108 M. Bloch 1939a, p. 13; idem. 1954, p. 31; C. M. Cipolla 1967, p. 7.

Of 619 medieval loans recorded in documents at Pavia and Lucca over the 130-year period 390–1000 to 524/1130, in fact, 401 (over 64%) ostensibly involved repayment in gold jewelry – with silver, other currencies, labor, and other in-kind commitments accounting for the remaining 36%.[109] Thus, through clever employment of the "multiple commodity" debt-contracting precepts of the *mukhāṭarah*-type, the ecclesiastical ban on usury was effectively circumvented.[112]

For exactly this reason, then, recurring reference to mixed "currency/commodity" transactions in medieval European commercial documents may often be misleading – denoting a standard of relative value, and not an absolute value in itself – thereby giving the illusion of a multiplicity of barter transactions that may have never, in reality, taken place.

David Herlihy, a scholar of European economic history in the Middle Ages, has effectively demonstrated, in fact, that the widespread use of such surrogate monies dramatically increased in the century between 359/970 and 462/1070 before leveling out throughout the course of the next century.[110]

In sum, though the possibility cannot be entirely ruled out that the various forms of medieval investment commitment – the *mohatra, commenda, ᶜiṣqā', chreokoinonía,* and *qirāḍ/muḍārabah* may have all derived from antecedents that date back to the Graeco-Roman, or even to Babylonian, times,[111] the evidence is compelling that the evolution and structures of the *mohatra* and the *commenda* – the then foremost tangible symbols of evolving medieval western capitalism – were both most heavily influenced by Islamic prototypes.[114]

For the Italian merchants, who were extensively engaged in trade with the Near East in the course of the 4th/10th – 7th/13th centuries, were exposed first hand to the workings of these innovative financial instruments – and in this exposure, they cannot have failed to be impressed with their flexibilities and commercial efficiencies.

At the very least, the conclusion seems correct that the *commenda* and *mohatra* evolved within the Christian West in direct response to the need for more effective forms of financial contracting to accommodate

109 D. Herlihy 1957–1958, p. 4.

110 See source cited in the previous footnote.

111 See C. Hoover 1926, pp. 485 ff.; R. S. Lopez 1976, pp. 74–76; R. S. Lopez and I. W. Raymond 1955–1956, p. 174; G. Calhoun 1930, vol. 2, no. 4, pp. 561 ff.; G. Savoli 1929, passim.

mushrooming Italian commerce with the Mulim East. Equally likely, it appears, the legal forms of these financial instruments may also have been heavily influenced, if not actually dictated, by their prototypic Islamic antecedents – as the commonalities of their juridical structures appear too similar to be sheer coincidence.

6.6. The Transmission of New Business "Tools of Trade"

As aforegoing analysis suggests, medieval trade, like its modern counterpart, was not merely an exercise in buying and selling – as the successful conduct of commerce required the employment of a broad variety of fiducial business tools, including the more efficient corporate contracting structures already described.

It also invoked the need for innovative credit instruments for use as effective "money substitutes" – both to expand the domain of commercial operations and to make capital capacity more readily accessible to those presented with promising market opportunities but lacking ample immediate cash supplies.

Accordingly, to meet such capital needs, the ancillary tools of business endeavor – "networked banking" and its associated credit and fiducial instruments – likewise began to make their appearance in Europe midway through the $5^{th}/11^{th}$ century – an evolution prompted by powerful commercial factors that were concurrently exerting seminal influences upon the course of contemporary economic development.

For just as the mounting volume of medieval Euro-Muslim trade precipitated the creation of new forms of corporate association throughout the region, so also it lent impetus to the development of new types of banking tools as well. On these developments, Albert Lieber, in his extensive study of the transfer of medieval business techniques to the West, unequivocally asserts:[112]

> The merchants of Italy and other European countries obtained their first education in the use of sophisticated business methods from their counterparts on the other side of the Mediterranean, most of whom were Muslim.

112 See A. Lieber 1968, p. 141; see also R.S. Lopez 1951, p. 221.

Such transfers of business technique were a watershed in Western commercial practice – developing after many decades of exposure to both deposit and branch banking in the Islamic world as was detailed in Chapter 3.2-D. For within Christian Europe until the 6th/12th century, the limited money available for borrowing generally was secured by pledges of real property, and usually contracted either from Jewish financiers or ecclesiastical lenders.[113]

Midway through that century, however, other, more secular, commercial banking services also gradually began to emerge, particularly in Genoa, Venice, and others amongst the more mercantile Italian city states directly involved in Near East trade. Generally this trend evolved as money changers and merchant bankers attempted to diversify their economic enterprises by expanding their ranges of financial services.

This was a gradual metamorphosis. The Genoese *cartularies* for the 551/1156–559/1164 period, for instance, reflect the activities of thirteen individuals engaged at that time in merchant banking;[114] whereas those for the last quarter of the 6th/12th century document the business transactions of more than twenty individuals whose businesses likewise clearly fell within such banking categories.[115]

Indicative of the expanding volume of such financial operations, for instance, in the years 587/1191–588/1192, Rubeus ("the Banker") "Bancherius" was involved in eight documented forward credit transactions that advanced a total of 474 Genoese pounds to various merchants. In like manner, Bertramis Bertaldus made seven loans totaling 267 Genoese pounds in the two years between 593/1197and 594/1198.[116]

These 6th/12th century Italian bankers likewise appear to have been amongst the very first "post-Dark Age" European financiers involved in the business of *interest-bearing* deposit banking. For though the Western history of deposit banking with interest originally dated back to the Greeks and Romans of classic antiquity, it now also reappeared within West Europe as a very late medieval business practice after a Church-imposed hiatus of several centuries.

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113 On this practice, see E. B. and M. M. Fryde 1965, vol. 3, pp. 438–439; G. Hodgett 1972, pp. 59–66.

114 Cf. *MGH: "Chartarum"* 1853, vol. 2, nos. 283–289, passim; A. P. Usher 1932–1934, p. 494.

115 M. Hall 1935–1936, vol. 6, p. 74.

116 See *A.S.G.*: "Not. Lanf.," I, ff. 45–62; "Not. Gugl. Cass.," ff. 64–72; *A.S.G.*: "Not. Ign.," I, ff. 42, 43, 54, 64, 70, 92, 95; M. Hall 1935–1936, p. 76.

Genoese notarial records for 582/1186, for example, capture for posterity Rubeus Bancherius confirming his holding of the sum of seven pounds belonging to one Andreas, which he promises to promptly remit within a fifteen-day period upon demand;

> and should God allow me some profit on these pounds, I will give you as much of it as seems appropriate.[117]

In that same year, his nephew Bernardus also attracted eight monetary deposits from various clients. In one, he accepted eleven pounds from a Maria Sarda, which he promised to rebate, together with 10% interest, eight days following demand.[118]

The *scope* of financial services offered expanded dramatically throughout the course of this period as well – as bankers increasingly took on such functions as issuing notarized checks, extending both credit and overdraft privileges to customers, and participating in overseas business loans.

"Credit transfers" between banks also now became possible – as merchants could maintain bank accounts for the purpose of transferring money by "book transaction" rather than by specie. Whereas in the Muslim world, monies had customarily been dispatched by sealed coin purses, now, with facilities for extending credit, "paper transactions" could substitute for cash in interbank transfer actions.[119]

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117 See *A.S.G.*: "Not. Lanf.," I, f. 118; see also "Not. Lanf.," I, f. 41, and IV, f. 143; "Not. Ing.," ff. 132, 168; "Not. Gugl. Cass.," ff. 306, 322; R. di Tucci 1933, pp. 79 ff. and p. 90, doc. 11; R. di Tucci and C. Dunbar 1961, vol. 6, pp. 308 ff.; R. Bautier 1971, pp. 146 ff.; A.P. Usher 1932–1934, pp. 403 ff.; M.W. Hall 1935–1936, vol. 6, pp. 76–78; R.S. Lopez 1976, pp. 103–105; R. Reynolds 1931, p. 375; idem 1961, p. 214.

118 See *A.S.G.*: "Not. Lanf.," I, f. 121; R. di Tucci 1933, pp. 93 ff., "doc. 18." See also *A.S.G.*: "Not. Lanf.," I, f. 222, and "Not. Gugl. Cass.," f. 43; M.W. Hall 1935–1936, p. 78. The economic interests of the medieval Italian bankers, of course, were not always domestic in scope. For in the course of the 6th/12th century, they also came to be involved in foreign currency transactions, issuing term credit instruments abroad, and conducting various other international financial activities.

Within Europe itself, in England, for instance, the presence of agents representing Italian banking houses is recorded as early as 617/1220. By the middle of that century, in fact, Genoa's financial district already had developed into somewhat of a "banker's bank" – a regional "central banking center" for banks and their branches then proliferating throughout Western Europe. (On these developments, see M.W. Hall 1935–1936, vol. 6, p. 75; R. Reynolds 1961, p. 216; R. de Roover 1965, p. 71.)

119 Cf. E. Bensa 1928, pp. 327–328; F. Bonaini 1854–1870, vol. 3, p. 200; R. di Tucci

Paper fiducial instruments were likewise now evolving, again often modeled after Islamic prototypes.[120] The medieval European "check," as was noted, had both "Islamic prototypic"and "Arabic linguistic" antecedents. The "bill of exchange" (Fr. *aval*), which had been linguistically borrowed from the Arabic *ḥawālah,* initially emerged in Italy midway through the 6th/12th century, and soon became practical both as a credit tool and as a mechanism for transferring sums of money.

For by using this exchange bill, a merchant could contract a debt in one location, pledging to requite it in another place and at a later date (and even in an entirely different currency, pursuant to the *mukhāṭarah/mohatra* precept). In one banking contract dating to 552/1157, for instance, a Genoese merchant is reported borrowing ten Genoese pounds, promising to repay it in full in Tunis. A Jew, Sulaymān of Salerno, in another, promises to repay in Alexandria that which he owed for money and goods that he received in Italy.[121]

Another medieval Italian bill of exchange dated 4 Jumādā al-Thānī 801/12 February 1399 – which incorporated multiple currency exchange rates to accommodate capital interest accrual along the lines of the *mukhāṭarah* described above – read as follows:[122]

> To Francesco di Marco and Luca del Sera in Barcelona. In the name of God, on the 12th of February 1399, pay at issuance to Giovanni Asopardo 306 pounds (13s., 4 d.) Barcelonesi to be exchanged for 400 (Florentine) *florins* received here from Bartolemo Garzoni, at 15s., 4.d., per *florin.* Pay and charge our account there and respond.

1933, pp. 91, 113; M. Chiaudano and M. Moresco 1935, pp. 49–50; *Guglielmo Cassinese* 1939, vol. 1, pp. 390–391; R. S. Lopez and I. W. Raymond 1955–1956, pp. 162 ff, 231 ff.; G. Luzzatto 1961, pp. 132–133; R. de Roover 1965, p. 66; R. Reynolds 1961, p. 212; A. Lieber 1968, pp. 239–240; S. B. Clough 1958/1968, pp. 110–111; S. B. Clough and C. Cole 1952, pp. 77–78; M. Knight 1926, p. 124.

120 On these institutional financial developments, see R. Grasshof 1899a, passim.

121 See sources cited in footnote 119. See also J. H. Kramers 1931, pp. 105 ff.; J. W. Thompson and E. N. Johnson 1937, p. 173; R. de Roover 1953, pp. 27–29; W. Endemann 1874/1888, vol. 1, p. 82; M. Grice-Hutchinson 1978, pp. 46 ff.; J. N. Claster 1982, p. 230; M. Knight 1926, pp. 123 ff.; S. B. Clough 1958/1968, pp. 110 ff.

122 I. Origo 1957, p. 150; N. J. G. Pounds 1974, p. 417.

Yet another, even more complex, commercial transaction – which also involved multiple parties, one of whom was a banking intermediary as well as multiple goods and currencies to allow for interest accrual – was dated 1 Sha^{c}bān 754/1 September 1353, and read:[123]

> I, Hans Olbrechts, have today accepted merchandise from you at Troyes on 1 September 1353, at the value of 1,000 *gros tournois*; and I hereby direct Giuseppe Bellini to pay you, Giovanni Cipolla,1,100 *grossi* in Venice by 1 June 1354.

Clearly, then, documents of this genre were *risk-speculative* financial instruments documenting interest-bearing, "credit-for-profit" transactions that involved certain elements of financial exposure – inasmuch as it was impossible to predict, with any degree of certitude, the rates of exchange at the distant place where the exchange bill would ultimately be consummated. To quote the medieval business historian Raymond de Roover:[124]

> Such speculative profits on the exchange now served as a cloak to cover interest transactions.

Closely related to the "bill of exchange," in turn, was the *lettre de foire*, which was developed specifically for use in the various "trade fairs" that evolved in Europe in the late Middle Ages to expedite commercial flows within the wholesale brokerage market. If a merchant wished to purchase merchandise from a wholesaler, but lacked sufficient cash, for instance, he could issue one of these so-called "fair letters" – wherein he acknowledged receipt of the goods and promised to repay to the wholesaler the full purchase price, plus a predetermined amount of interest, at the next fair.

If the wholesaler was unwilling or unable to accept the "fair letter," perhaps due to mistrust or a personal shortage of funds, the parties might instead go to a mutual acquaintance, perhaps a money-changer, who would then be asked to guarantee or make the payment. If the latter acquiesced to the proposal, the "fair letter" would then be written as a three-party transaction of the type that was contracted at Troyes described in preceding paragraphs.[125]

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123 S. B. Clough 1958/1968, pp. 110–111.

124 R. de Roover 1966, pp. 11–12. See also idem. 1958, vol. 18, pp. 418–438, passim; N. J. G. Pounds 1974, p. 406.

125 S. B. Clough 1958/1968, pp. 87, 98, 111–115; N. J. G. Pounds 1974, pp. 354–362; H. Pirenne 1972, pp. 102–103; P. Boissonnade 1927/1959, pp. 170 ff.

Thus, medieval banking operations gradually evolved – first from the activities of money-changers, then to more sophisticated corporate financial structures capable of accommodating various multiple currency transactions – such as "bills of exchange" as well as other, more complex fiducial instruments explicitly structured to evade medieval Christian Europe's ban on usury.[126]

Over time, moreover, informal payment orders and formal letters of credit began to appear with increasing frequency. "Insurance" on commercial contracts likewise evolved as an innovative banking service to reduce the risks inherent in transporting goods over lengthy and hazardous distances. All of these financial services, of course – many of which, as shown, were direct Near East borrowings – greatly facilitated the transaction of remote distance domestic and international commerce.[127]

This growing use of credit transactions on an international scale also precipitated the need for more effective bookkeeping practices.[128] The techniques of modern bookkeeping, developed in 7th/13th–8th/14th century Italy as a replacement of cumbersome Roman numerals with their Arabic equivalents directly borrowed from the Near East in the writings of Leonardo of Pisa in 599/1202 – made systematic 'double entry' accounting a much more approachable administrative undertaking.

The medieval business historian R. de Roover indicates that the requirement for such new accounting methods in 6th/12th–8th/14th century Europe emanated from the need for traveling merchants to account to investing partners for commerce being transacted in the Levant;[129] whereas the economic historian M. Chatfield, asserts:[130]

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126 On this financial evolution, see A.P. Usher, 1943, pp. 114ff.; N.J.G. Pounds 1974, pp. 410–411; H. Pirenne 1972, pp. 102–103.

127 Cf. G. Falco 1927, pp. 152–153; R.S. Lopez and I.W. Raymond 1955–1956, pp. 255ff.; A. Sayous 1929, pp. 164–165.

128 See S.B. Clough and C. Cole 1952, p. 80; S.B. Clough 1959/1968, pp. 117–118; N.J.G. Pounds 1974, pp. 422–424; M. Knight 1926, p. 126; A. Lieber 1968, p. 243; A.P. Usher 1932–1934, pp. 405–406; R. Reynolds 1961, p. 209; A.C. Littleton 1980, p. 20. Indeed, reflecting the historically close linkage between bookkeeping and mathematics in the Near East, the Arabic term for accounting bookkeeping, *al-muḥāsabah*, is derived from the same triliteral root, *ḥasaba,* from which the word for arithmetic, *ḥisāb* is derived.

129 R. de Roover 1978, pp. 86–90. For a concise synopsis of the evolution of bookkeeping in the Middle Ages, see A.C. Littleton 1980, pp. 12ff.

130 M. Chatfield 1977, pp. 32–33.

> Double entry bookkeeping came into being with the rise of Mediterranean-based commerce during the Crusades.

Accordingly, among the first indications of the use of double entry bookkeeping in Europe appear in Genoa circa 741/1340.

Reflecting a growing awareness of the need to preserve market sanctity, the statutory provisions of the medieval "law merchant" (*lex mercatoria*) governing trade transactions also now became more comprehensive and complex. Analogous to the Muslims' ḥ*isbah* manuals, and the body of Islamic commerial law prescribed in Ḥanafī juridical texts described in preceding analysis, the "law merchant" consisted of voluminous bodies of longstanding commercial traditions and precedents codified as common law.

Reflecting dynamic developments taking place in commercial credit as described above, in fact, the "law merchant" soon grew to be a massive *de jure* compilation of long established business precepts having the binding effect of law regulating all credit transactions, no small number of which, as noted, derived directly from corresponding Middle East business practices.

Indeed, in all of these economic evolutions, repercussions of previous centuries of Islamic-Italian trade now reverberating throughout Western Europe are clearly evident. As the noted business historian N.J.G. Pounds observes:[131]

> All of the important innovations in trade and accounting were made in Italy, as Italian merchants could be found at every fair and in every commercial city of significance in Western and Central Europe.

In this outward-spiraling transfer process, then, Eastern business procedures, borrowed from the Muslims, came to be institutionalized via Italian intermediaries as formal components of Western commercial law and practice.

131 Cf. N.J.G. Pounds 1974, pp. 425–426; W. Mitchell 1969, pp. 10ff.; O. Cox 1959, pp. 90ff.; A. Udovitch 1967a, p. 113.

6.7. The Arabo-Italian "Commercial Revolution" in Retrospect

A half century ago, the renowned historian Yves Renouard, in *Les Hommes d'Affaires Italiens au Moyen-Âge,* convincingly argued that the prime commercial goal of the Italian city states was to dominate the stream of trade that linked Europe to the Near East.[132]

Preceding analyses demonstrate that they succeeded – that the medieval eastern Mediterranean in the 4th/10th–7th/13th centuries served both as a dynamic marketplace for Italian-Arab trade and as a key crucible for the percolation of Islamic business techniques from East to West. For while in the Near East, the innovative Italian merchants readily assimilated that region's more advanced trade practices and business methods. This was no inconsequential process.

Indeed, as preceding analysis has likewise demonstrated, each key determinant of what is now deemed modern western business procedure was, in varying ways, profoundly influenced by this commercial interchange – as many private sector Italian merchants and investors now grew rich in their quests for gain through Near East profits.

For many, in fact, their embryonic enterprises would, over future decades, come to rank amongst the great capitalistic corporations of late medieval and early renaissance Europe. Concurrently, as shown, an impressive indigenous monetary system also now reappeared in Western Europe, both in response to the need for ever-increasing currency volumes to meet mounting commercial demands, and, in no small measure, as an inadvertent byproduct of certain nefarious minting activities carried out by medieval European merchants and Christian clerics then operating in the Near East.

A new and more effective form of business association, the *commenda,* also now developed in response to the need to accommodate the credit and investment needs of merchants and financial speculators engaged in the Near East trade. Foremost among them, in the studied opinions of a broad cross-section of respected economic historians was the conviction that the *commenda* derived directly from Islamic *qirāḍ/muḍārabah* predecessors. The attendant banking instruments and ancillary financial services needed to support this burgeoning commerce likewise evolved in tandem with these emerging corporate structures.

132 Y. Renouard 1949, pp. 16 ff.

With all of mainland Christian Europe still enveloped in the throes of feudalistic economic stagnation, then, each of these forward-looking business institutions first emerged in the West within the Italian city states.[133] But though they appeared concurrently within the same geographical area, it is clear that they did not develop in a vacuum. For the very speed of their emergence and the proximities of their structures strongly indicate that they had common antecedents.

From whence, then, their provenance? In comparing the wide-spanning 360 degree circumference of Italian trade opportunities throughout the Middle Ages with the varying stages of structural business development manifest by the diverse economies operating on that horizon, it becomes incontestably evident that the market catalysts and incentives responsible for Western Europe's $5^{th}11^{th}$–$7^{th}/13^{th}$ century "commercial revolution" cannot have come from any source save one.

In only one quadrant was the economy so buoyant in its mercantile demands and so manifestly superior in its transactional business processes that it could have overarchingly influenced the course of economic transformation enveloping the Christian West.

That quadrant, of course, was the one occupied , and impelled, by the economic dynamic of the *Dār al-Islām* – as exemplified in the macroeconomy of the then prime East-West Islamic confrontational state in the Crusades – the Fāṭimid Empire – with its superbly functional *laissez faire-oriented* trade techniques and *market-optimizing* business practices.

Indeed, the weight of evidence is compelling that the great outpouring of commerce that it produced correspondingly precipitated a monumental inter-cultural transfer of innovative business methods, sparking a capitalistic renaissance in the West that continues to this day.

133 See J. Baecheler 1975, pp. 80 ff.; R. S. Lopez 1966, p. 69.

Epilogue

Epilogue

Islam and Medieval Europe's Economic Recrudescence

Analysis presented in preceding chapters has demonstrated that there is little in Henri Pirenne's famed thesis positing the underlying causes of the "Dark Ages" in Western Europe that holds continuing relevance in explaining:

(i) the commercial activities and economic *raison d'être* of the *Dār al-Islām* in its formative years;
(ii) the nature and direction of its ongoing commerce in general; or
(iii) its trade with Christian Europe in particular –

– as medieval Muslim mercantile relations with the European continent built upon a legacy of trade that has too often not been appreciated to its fullest by modern orientalist scholarship.

In formulating his hypothesis positing a cataclysmic impact of the Mediterranean presence of Islam upon the economic vitality of medieval Europe, Pirenne based his conclusions upon the disappearance of certain key commodities in references to trade appearing in the then available medieval documentary and textual references.

Conceding that these "disappearances" commenced early in the 2nd/8th century, some eight decades following the apex of the "Arab irruption" from their traditional desert homeland circa 12–20/634–641, he nonetheless quite anachronistically postulated that this perceived trade disruption resulted from the sudden and dramatic rise of the Islamic empire – and from its alleged hostility to commerce that he also erroneously presumed.[1]

Building upon these bold suppositions, then, he proceeded to build his all-encompassing theory that a resulting precipitous decline in overall mercantile activity destroyed the professional merchant class of Christian Europe – and that deprived of life-sustaining trade, the entire

1 Cf. H. Pirenne 1974b, pp. 152–153, 164, 168–172, passim.

region now degenerated into a regressive feudal form of "natural economy" – one driven by barter, not "capital transactions" – that characterized its commercially devastating "Dark Ages" for a period of more than three centuries.

Was there an identifiable deleterious Islamic role in the early medieval European "mercantile cataclysm" that Pirenne posited? The evidence is compelling that there was not. Indeed, the source evidence evaluated produces no suggestion that medieval Muslims were, in any way, hostile to transcontinental commerce.

To the contrary, after their $1^{st}/7^{th}$ century conquests, they proceeded to build a trading empire whose vast reaches stretched across the breadth of the then-known world – from Christian Europe in the West to Japan and China in the East – all accomplished in the first three centuries that followed their surprising and decisive outpouring from the Arabian Peninsula.

Their spectacular imperial success was primarily due, this inquiry has shown, to the economic synergies of a unique brand of "commercial entrepreneurship" that *Dār al-Islām* had early on created. For unlike their Christian counterparts, Muslim jurists, through their creative exegesis, were able to formulate carefully rationalized, capital-based solutions to their religion's ban on "usury" (*ribā'*). *Muḍārabah* contracts, which would later be reincarnated in Italy as the *commendae*, were but one outgrowth of this evolutionary intellectual process.

Because of their genius in juridical interpretation, then, the medieval Muslims were able to turn religious sanction to their ultimate advantage – forging a new trade dynamic that would become the prime driving force behind the enduring economic strength of the *Dār al-Islām* in its formative years.

Such financial contracts were, in themselves, the culmination of a remarkable business evolution. For beyond their abundant indigenous sources of precious metals, through the great successes of their early conquests, the Muslims won through "booty proceeds" vast sums of "surplus capital" from which, they were able to build their nascent political and economic empire.

Through the profit proceeds of the commercial dynamic that they now nurtured, moreover, they were able to further build their *capital base* – which, in turn, became the impelling catalyst that empowered their realm to become the premier economic superpower of the early Middle Ages.

In short, "Pax Islamica" was forged, in no small part, because of the uncontested superiority of the medieval Muslims' economic system to its global counterparts in the 2^{nd}/8th – $3^{rd}/9^{th}$ centuries. Its unique abilities to readily mobilize capital to finance commercial expansion – and to create those vital market and business infrastructures required to engage in international trade – were keys to its mercantile success.

For early on, they realized that "liquid capital" was the economic lifeblood of their embryonic state – and to this end, their endless efforts to generate and effectively employ it displayed many of the distinguishing characteristics of what is now called modern commercial capitalistic practice.

Famed classic historian Edward Gibbon, in *Decline and Fall of the Roman Empire,* worried that had the Muslims not been beaten militarily at the "Battle of Tours" in 114/732 – wherein the undefeated Islamic troops were finally stopped after a century of uninterrupted conquest – children of the West would today be learning their language and their culture at the feet of Arab masters.[2]

But it was the *economic,* not the cultural, dimensions to the medieval Muslims' spectacular global ascendancy that he and others clearly missed. For it was the great burgeoning of commerce and the attendant transfer of new trade techniques that now took place that most profoundly influenced the course of Western economic history.

Yet ironically, just as the trade of the Muslim merchants flourished – precisely because of the consummate success of the business fiducial instruments that their jurists had created – the commerce of their counterparts in the Christian West was failing precisely for the reason that their own "legal intellectuals" – far less schooled in the techniques of trade – lacked the medieval Muslims' creative genius for such ecclesiastical exegesis.

The *ultimate* irony, however, is that, after being unable to come to grips with the onerous economic sanctions imposed upon them by the Church for over three long centuries, Western Europe finally did emerge from its disastrous experiment in "Dark Age economics" – abetted, in no small part, by the financial techniques that had been invented by, and for, the merchants of Islam.

For in readily in adapting business prototypes earlier developed in Islamic jurisprudence, Italian merchants proceeded to forge their own

2 E. A. Gibbon 1969, vol. 5, chapter 52, pp. 398–399.

innovative instruments of corporate association and economic interaction – as the Muslims' rich religious sophistication became the Christians' economic salvation.

As a result, drastically improved methods of conducting commerce, as well as in the organization of business enterprise, took place in $5^{th}/11^{th}$ to $8^{th}/14^{th}$ century Western Europe. This "revolution" in mercantile precepts featured a dramatic transformation in commercial approach from itinerant peddling to participation in a widespread international network of logistics carriers through which merchants sent their wares and product orders and made payment by credits, couriers, and proxies.

It was concomitantly heralded by the development of more efficient forms of corporate association – as expressed in *commendae* contracts and their various permutations – which permitted effective pooling of liquid capital, and an attendant extension of commercial credit.

It was concurrently characterized by the appearance of "bills of exchange"which eliminated the need to transport very large amounts of hard currency – together with supporting financial services infrastructures to expeditiously transact such fiducial instruments; and by the increasing use of longer distance credit that the bill of exchange made possible.

Finally, more sophisticated systems of bookkeeping also now evolved, largely to meet the imperative to document the relatively large business transactions being contracted in the Levant – all financial institutions and techniques, this analysis has demonstrated, that were influenced in significant ways by medieval Muslim business practice.

In sum, this inquiry has explored, and indeed now substantiated, the historiographically revisionist hypothesis that not only was the $1^{st}/7^{th}$ century "Arab irruption" from their peninsula not a key factor in creating early medieval Europe's economy chaos, as conventional scholarship has often contended; but indeed, that several centuries later, the Islamic Empire provided a major measure of the key economic stimulus – as well as many of the incisive financial tools – that helped Europe to transcend its "dark medieval age."

For instead of having suffocated the Western economy with a trade boycott, as Pirenne posited, the medieval Muslims facilitated its mercantile rescue with their premier quality gold, their buoyant commercial market demand, and their superior business methods.

Appendices

Appendix A

Early Medieval Muslim Perceptions of the European West

For much of the past half century, medieval scholarship has placed significant focus on the incipient causes of the Dark Ages in Europe – and the attendant controversies generated by certain East-West trade flow theories respecting the early medieval Muslims' role in traumatizing commerce posited by the famed 1920s Belgian medievalist Henri Pirenne.

This inquiry is, at this juncture, therefore, compelled to explore the issue of whether this dialogue may have been *misfocused.* Yet it is not alone in its concern. R.S. Lopez, in an insightful article titled: "East and West in the Early Middle Ages," for example, takes significant issue with the "Pirenne thesis" by questioning the validity of generalizations about medieval global economic trends based upon commercial indicators of Western Europe alone, asserting:[1]

> It would be better to shift the focus of investigation away from the meridian of Greenwich as well as that of Rome to include the economic history of the whole hemisphere between the Pacific and the Atlantic, the islands of Japan, and the Strait of Gibralter. Of this vast continent, Europe is no more than a peripheral peninsula.

François Himly, building a similar argument, speculates that the early Muslims did not perceive Europe to be an integrated entity, let alone an imposing enemy at all, but instead a diverse collection of countries that did not equal the sum of its parts.[2]

Such geopolitical complexities notwithstanding, however, a close reading of the writings of various medieval Muslim geographers indi-

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1 R.S. Lopez 1986, pp. 113–114.

2 F. Himly 1955, pp. 48 ff. In the French:

> *Par plus que le monde islamique, le monde chrétien du VIII^{e} au XI^{e} siècle n'a formé une unité même politique ou économique. Il a compris, au contraire, un ensemble de pays diversement évolués, aux structures originales.*

cates that they had indeed mastered a concept of the diverse geography that then constituted southern Christian Europe and a familiarity with many of their characteristics.

To this end, cursory review of some of the regional descriptions that they present is enlightening. But to do so, a clarification of certain Arabic geographical terms is first in order. Among them, conventional modern analyses of the principal medieval Near Eastern geographies frequently tend to confuse their use of the term "*al-Rūm*" by interpreting it as applying exclusively to Byzantium. But clearly such was not the case.

The noted 4th/10th century scholar Ibn al-Faqīh, for instance, described *al-Rūm* as a land mass whose borders extended from Antioch in northern Syria southwestward to Sicily, and thence, from Constantinople northwestward to as far as Thule, Greenland.[3]

Another 4th/10th century geographer, Ibn Ḥawqal, saw it stretching from the Levant and Mesopotamia northward to Armenia, and westward across Europe to the Atlantic – including within its vast jurisdiction the Romans, Athenians, Byzantines, Russians, Armenians, Franks – and indeed, all of those Christian peoples living outside of the *Dār al-Islām.*[4] He and contemporaries al-Masᶜūdī and al-Iṣfakhrī do differentiate between true *Rūmīs* (Byzantine Greeks) and other Christians – but nonetheless argue that taxonomically, they fell within the same category because they shared both the same creed and the same geographic proximity.[5]

Al-Masᶜūdī likewise demonstrates both a sound knowledge of the various ethnic components that comprised contemporary *al-Rūm* – and a keen perception of the common ancestry and heritage that these components shared. In devoting separate chapters of his geography to *al-Rūm,* the Franks, the Galatians, and the Lombards, for instance, he contends that:[6]

> The Franks, Slavs, Lombards, Spaniards, Turks, Magog, Gog, Khazars, Bulghārs, al-Lān, and Galacians – all these and others mentioned before as inhabitants of the northern zone - descended from Japheth, the youngest

3 Ibn al-Faqīh 1885, p. 136.
4 Ibn Ḥawqal 1872, pp. 9, 13, 133–137.
5 Ibn Ḥawqal 1872, p. 13; al-Iṣṭakhrī 1927, p. 9; al-Masᶜūdī 1861–1877, vol. 2, p. 243, vol. 3, p. 66.
6 Al-Masᶜūdī 1861–1877, vol. 2, pp. 66–75 (p. 66 quoted); idem. 1893, pp. 181 ff.

> son of Noah, according to the unanimous opinions of researchers, investigators, and Islamic jurists.
> Of these peoples, the Franks are the most warlike and overwhelming, richest in equipment, most extensive in territory, and most loyal to their king and disciplined. The Galatians, nonetheless, are more warlike than the Franks and more indefatigable. A single Galatian can stand against any number of Franks.
> The Franks are of an absolute single word with regard to their king. There is no discord or division amongst them. Their capital is named *Bawīrah* (Paris), a very great city. In addition, they have some 150 cities, not counting other districts.

Arab geographers also knew that from an *administrative* standpoint, these sundry ethnic groupings comprised separate and distinct jurisdictions. While Constantinople was most generally recognized as the capital of Byzantium, for instance, there nonetheless was a concurrent clear awareness by al-Masᶜūdī and others that Rome was the capital of the Franks and was governed by a separate ruler.

Al-Masᶜūdī, in fact, provides a cursory history of the "Frankish monarchy" – commencing with Clovis, then running through a series of fourteen emperors, including Pepin the Short, Charlemagne, and Louis the Pious, and concluding with Louis IV, who, he indicates, was the contemporary ruler at the time of writing in 336/947, having then ruled for some ten years.[7]

Al-Iṣṭakhrī similarly makes reference to "Kārluh" (Charles), "King of the Franks;"[8] whereas Ibn al-Athīr indicates that the so-called "King of the Franks" was known as an *inbarūr* ("emperor").[9] Ibn Rustah and al-Masᶜūdī, in their descriptions of Rome, in turn, assert that it was ruled by a *Bābā* (the Pope);[10] whereas Ibn Khurradādhbih provides detailed descriptions of many of the cathedrals and churches in the region.[11]

From a jurisdictional standpoint, al-Masᶜūdī believed that the "Isle of Rhodes" was the defining border between the Franks and the Byzan-

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7 Al-Masᶜūdī 1861–1877, vol. 2, p. 243; idem. 1893, pp. 181–182; but see also Ibn Khurradādhbih 1889, pp. 92, 104, 112–113, 155, 160, passim.

8 Al-Iṣṭakhrī 1927, p. 43.

9 Ibn al-Athīr, cited in *Recueil des Historiens des Croisades: Historians Orientaux,* vol. 2, pp. 171, 175.

10 Ibn Rustah 1892, pp. 127–132; al-Masᶜūdī 1893, pp. 181–182.

11 See also Ibn Khurradādhbih 1889, pp. 92, 104, 112–113, 155, 160, passim.

tines [12] – whereas Yāqūt also uses this demarcation in describing *Ifranjah,* the "land of the Franks:"[13]

> *Ifranjah* is a large nation possessing major territories and numerous Kingdoms. Its name derives from an ancestor state called *Ifranjish.* They call themselves Franks – and their land is adjacent to Rome and the Byzantine territory. Starting north of Andalusia, it extends southeast to Rome.
> Their capital is *Nūkabardah* (Lombardy) and they own 150 cities. In pre-Islamic times, their land began on the Muslim side of the "Isle of Rhodes" opposite Alexandria in the middle of the Mediterranean Sea.

Ibn Ḥawqal, who also provides a comprehensive map of medieval Italy, similarly includes within *al-Rūm* the city of Rome, the Calabria region, and the domains of the Galacians, Lombards, and Franks in rich narrative that concurrently contains detailed descriptions of such southern Italian cities as Amalfi, Naples, and Gaeta. Of Italy, Ibn Ḥawqal states:[14]

> The Calabria region borders Lombardy, whose principal province is Salerno; then Amalfi, the most prosperous of the towns in Lombardy, the most majestic, and also most illustrious because of its circumstances, as well as the most affluent and opulent. The Amalfi territory borders Naples, a very fair city, but less important than Amalfi. The main resources of Naples are linen and linen cloth.

Ibn Rustah, Ibn Khurradādhbih, and al-Masᶜūdī provide similar detail on Rome, Bari, and Tarentum – with Ibn Rustah and Ibn Khurradādhbih particularly impressed that there were more than 1,200 churches in contemporary Rome.[15]

Medieval Near East geographers were equally acquainted with the topography of northern Europe. The Arabic-speaking Jewish explorer Ibrāhīm b. Yaᶜqūb al-Ṭar-ūshī, for instance, portrays eyewitness accounts of 4th/10th century Ireland, France, Germany, Poland, Prussia, and the regions to the east. In them, he provides detailed impressions of such cities as Bordeaux, Schleswig, Utrecht, Magdeburg, Prague, and Mainz. Of Prague, he observes that: [16]

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12 Al-Masᶜūdī 1861–1877, vol. 2, p. 243.

13 Yāqūt 1866–1873, vol. 1, p. 324.

14 See Ibn Ḥawqal 1872, pp. 9, 13 ff., 133–137.

15 Ibn Rustah 1892, pp. 127–128; Ibn Khurradādhbih 1889, pp. 92–94; al-Masᶜūdī 1861–1877, vol. 3, pp. 76–78.

16 See al-Ṭarṭūshī in G. Jacob 1927, vol. 1, pp. 12–13; 25–26; al-Bakrī 1946, pp. 5 ff.; A. Miquel 1966, pp. 1048–1064; B. Lewis 1982, pp. 186–187.

> It is the richest city because of its commerce. Russians and Slavs come to it from Krakow with their wares; and Muslims, Jews, and Turks arrive with goods and money and they depart with slaves, lead, and various furs.

Whereas, indicating that the Germanic city, Mainz, was a major port of call for Islamic trade, he calls it:[17]

> A very great city, some of which is urban and the rest is farmed. It is in the land of the Franks on a river called the Rhine. It is rich in wheat, barley, limes, and fruit. There are *dirhams* there that were struck in Samarqand. . . Though this city is in the far west, they have spices there that can only be obtained in the Orient, such as pepper, ginger, cloves, spikenard, costmary, and galingale. These goods are brought from India where they abound.

Other medieval Muslim chroniclers such as Ibn Khurradādhbih, Ibn Rustah, and al-Idrīsī likewise demonstrate significant knowledge of the northwestern European regions, including England – with al-Idrīsī even providing a quite elaborate map of medieval Scotland. Among other products, they were keenly aware that gold, silver, copper, iron, tin, and fruits could be found in the British Isles.[18] Even such a remote area as Thule, Greenland was not beyond the realm of scholarly interest of such geographers as al-Masᶜūdī, Ibn al-Faqīh, Ibn Khurradādbih, and various others.[19]

There were numerous diplomatic missions between European and Muslim rulers at this time as well. "King Pepin the Short" is said to have sent a delegation to the court of Caliph al-Manṣūr in 148/765 which then remained in Baghdad for three full years before returning to Europe bearing gifts for King Pepin. Another delegation from Pepin reportedly met an Islamic counterpart team sent by al-Manṣūr in the city of Sellyus in 151/768, from whence each returned to its sovereign bearing gifts.[20]

Various embassies likewise took place between Charlemagne and Caliph Hārūn al-Rashīd commencing in 181/797. Indeed, three separate embassies were sent by Charlemagne to that caliph's court – and at least two ᶜAbbāsid missions went to Europe in return. These demarches were generally accompanied by the usual grand exchanges of lavish gifts, the

17 Al-Ṭarṭūshī in G. Jacob 1927, vol. 1, pp. 25–26; A. Miquel 1966, pp. 1048–1059.
18 Cf. Ibn Khurradādhbih 1889, p. 231; Ibn Rustah 1892, p. 130; A. Beeston 1950, pp. 265–280; D. Dunlop 1947, pp. 114–118; W. Stevenson 1948, pp. 202–204.
19 Al-Masᶜūdī 1893, p. 25; Ibn al-Faqīh 1885, p. 136; Ibn Khurradādbih 1889, p. 93.
20 On these missions, see M. Khaddūrī 1939, pp. 15–16; Ḥ. al-Miṣrī 1982, pp. 334–335.

most noteworthy of which was Hārūn al-Rashīd's gift of various aromatics and fabrics, a clock, a chessboard, and the elephant "Abū al-ᶜAbbās" to Charlemagne. Hārūn al-Rashīd even reportedly offered to make the Holy Roman Emperor custodian of the Christian Holy Places in Jerusalem.[21]

Such embassy exchanges are cited by medieval Muslim and Christian historians alike. Describing events transpiring in the years 171/787–185/801, Charlemagne's biographer, Einhardus, notes:[22]

> The Emperor went from Spoletto to Ravenna and stayed there for a few days before reaching Fara. There he was informed that some ambassadors from Hārūn (al-Rashīd), the King of the Persians, had entered the Port of Pisa.
> He agreed to meet with them and they were officially presented to him near Vercelli. One of the two was a Persian of the East and the envoy of the King of Persia; the other, a Saracen from Africa.
> The two then announced to the Emperor that the Jew, Isaac, whom he had sent previously to the King of the Persians with Sigismond and Lanfred, was returning with great presents; but that both Sigismond and Lanfred were dead.
> The Emperor then sent a notary, Erchinbald, to Liguria to prepare a fleet to carry the elephant and other goods that Isaac was bringing with him. . .
> In the month of October of this year (185/801), the Jew Isaac returned from Africa with the elephant, entered the port of Vendres, and passed the winter at Vercelli because he could not cross the Alps which were then covered with snow.
> On 20 July, he arrived and brought to the Emperor the elephant and other presents that the King of Persia had sent him. The elephant's name was Abū al-ᶜAbbās.

A third and final mission sent by Charlemagne to the ᶜAbbāsid court reportedly set out, but arrived in Baghdad in 193/809 only to learn that Hārūn al-Rashīd had died. The sources also indicate that in 216/831, his son and successor, the caliph al-Ma'mūn, similarly sent an embassy to Charlemagne's son and successor, Louis the Pious.[23]

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21 On these various diplomatic embassies, see Einhardus 1840, years 787, 801, vol. 43, pp. 114, 123–124, 806, 831; al-Masᶜūdī 1861–1877, vol. 8, pp. 157–158; al-Rashīd b. Zubayr 1959, pp. 48–49, 54, 57; M. Khaddūrī 1939, pp. 15–16; F. Buckler 1931, pp. 21 ff., 40.

22 Again, on these various diplomatic embassies, see Einhardus 1840, years 787, 801, vol. 43, pp. 114, 123–124, 806, 831.

23 Einhardus 1895, p. 831; F. Buckler 1931, p. 40.

Almost a century later, moreover, Queen Bertha of Rome is reported to have dispatched an embassy to her ᶜAbbāsid counterpart, the caliph al-Muktafī bi-Allāh, exchanging various gifts and proposing a treaty of friendship, and it appears, even marriage. This curious exchange is described by a contemporary Arab chronicler thusly:[24]

> Bertha, daughter of Lothar, Queen of *Faranjah* and its dependencies, sent a present to al-Muktafī bi-Allāh via ᶜAlī the Eunuch. . . ᶜAlī the Eunuch brought the present and the letter of the Queen of "*Faranjah*" to al-Muktafī bi-Allāh and also a message not included in the letter lest anyone other than the caliph become aware of it. . . The message was a request to al-Muktafī for friendship and marriage.

In short, throughout the narratives of sundry Arab geographers and the various exchanges of diplomatic relations of this era, there is an undercurrent of relative amicability; and certainly little, if any, indication of particular hostility on the part of the Islamic caliphate toward the "land of the Franks" that would have cause it to be singled out as a target of an Arab trade embargo.

To the contrary, amicable political and commercial relations appear to have been maintained; as Western Europe was subject to some lively scholarly interest on the part of contemporary Near East explorers and chroniclers.

24 See al-Masᶜūdī 1861–1877, vol. 8, pp. 157–158; al-Rashīd b. Zubayr 1959, pp. 48–49, 54, 57; M. Khaddūrī 1939, pp. 15–16; F. Buckler 1931, pp. 21 ff., 40; B. Lewis 1982, pp. 92–93, 209; G. Levi della Vida 1954, pp. 21–38; W. Heyd 1885, vol. 1, pp. 90–91.

Appendix B

The Dispersion Of Islamic Global Trade

The Muslims' wide-ranging trade activities at their apogee under the early ᶜAbbāsid caliphate have been analyzed in considerable detail by many, including al-Dūrī,[1] al-Miṣrī,[2] Mez,[3] Heyd,[4] and others. It is the specific directions and dispersion of the ᶜAbbāsid international commercial initiatives that require further clarification based on detailed analysis of available primary source evidence.

In an illuminating and oft-quoted passage from the insightful treatise *Al-Tabaṣur bi'l-Tijārah,* a work frequently attributed to the Arab litterateur and philosopher al-Jāḥiẓ,[5] for instance, a broad assortment of commodities from more than 30 market sources on three continents outside of Iraq are arrayed as the principal imports of contemporary 3rd/9th century Baghdad. This "panoply of products" includes:[6]

> "From *India*: tigers, elephants, panthers, panther skins, rubies, white sandal, ebony, and coconuts;
> "From *China*: swords, silk, paper, ink, peacocks, race horses, saddles, saddle blankets, chinaware, cinnamon, and rhubarb;
> "From *Byzantium*: gold/silver kitchen utensils, *dīnārs* of pure (*"qaysarānī")* gold, drugs, brocade, racing horses, female slaves, hydraulic engineers, agronomists, sculptors, and eunuchs;
> "From the *Arabian Peninsula*: horses, ostriches, camels, bamboo wood, and tanned hides;
> "From "*Berbers of al-Maghrib*:" panthers, acacia leaves, felts, and black falcons;
> "From the *Yemen*: cloaks, tanned skins, giraffes, armor, carnelian, and incenses;

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1 ᶜA.ᶜA. al-Dūrī 1974, pp. 145 ff.
2 Ḥ. al-Miṣrī 1982, passim.
3 A. Mez 1962, vol. 2, ch. 26, *"Al-Tijārah,"* passim.
4 W. Heyd 1959, vol. 1, ch. 1, sec. ii: "Les Arabes et les Routes sur leur Territoire," passim.
5 On this attribution, see C. Pellat 1954, pp. 153–165.
6 Al-Jāḥiẓ 1935, pp. 25 ff.; C. Pellat 1954, pp. 159–160.

"From *Egypt*: trotting donkeys, high quality suits, papyrus, balsam oil, and from its mines, quality topazes;
"From the *Khazars*: slaves of both sexes, armor, helmets, and coats of mail . . .
"From *ᶜUmān* and its seacoast: pearls; and
"From *al-Sūs*: citrons, violet ointment, basil, saddles and saddle blankets . . .
(etc.)."

In short, the practically boundless Baghdad-based trading emporium enjoyed trade links that extended in every possible direction. A cursory survey of the most important foreign commercial centers, and their various compositions and directions of trade, here is educational.

1. Trade with India and the Orient

The early Muslims' knowledge of India and the countries of the Orient was quite extensive, in large part, because of a plethora of reports of geographers, merchants, sailors, and diplomatic missions. Much of the external trade of "Muslim" merchants to the Orient, as elsewhere, though, was carried out by commission agents and other intermediaries due to a reported aversion by the more orthodox believers to tarrying too long in the distant lands of unbelievers.

These proxies would set out for the East from such seaports on the Arabian Gulf as Sīrāf, al-Baṣrah, al-Ubullāh, Ṣuḥār, and ᶜAdan – and maintained permanent offices and colonies at such diverse places on the Indian subcontinent as Gujarāt, al-Daybul, Ṣaymūr, al-Manṣūrah, al-Multān, Kawlam, Kūlam Malī, Malabar, and al-Sind.[7]

Detailed descriptions of India have been preserved within the works of such merchants, geographers, adventurers, and scholars as Sulaymān the Merchant, [8] al-Ṣayrafī, [9] Ibn al-Faqīh,[10] al-Qazwīnī,[11] Ibn Rustah,[12] al-Masᶜūdī, [13] and Abū al-Fidā';[14] and a manuscript of unknown prov-

7 Cf. C. Pellat 1954, pp. 153 ff.; B. Lewis 1982, pp. 105–106; E. A. Ashtor 1976, pp. 107–109, 147–148.
8 Sulaymān al-Tājir 1811, pp. 14–21.
9 Al-Ṣayrafī 1811, passim; see also al-Azraqī 1858, p. 130.
10 Ibn al-Faqīh 1885, passim.
11 Al-Qazwīnī 1969, pp. 77, 183 ff.
12 Ibn Rustah 1892, pp. 132 ff.
13 Al-Masᶜūdī 1861–1877, vol. 1, pp. 302 ff., 327 ff.

enance: "*Akhbār al-Ṣīn wa al-Hind.*"[15] In addition, the Narbonne-based commercial corporation, the Rādhānite Jews, who were heavily engaged in transit trade throughout the heartland of the *Dār al-Islām* at this time, maintained contemporary trading colonies in India.[16]

According to the Arabic sources, the most important products then being imported from India included elephants, aloes, amber, bamboo, rosewood, sandalwood, teak, camphor, cardamom, coconuts, crystal, vases, brass, bronze, copper, other mineral and metal goods, dyes, cotton clothes, *muslins,* madras and various other fabrics, dates, fruits, honey, sulphur, gems, pearls, beads, medicinal herbs, pepper, nutmeg and sundry other spices, perfumes, rhubarb, rice, maize, and other grains. Indicative of the buoyancy of this trade, the sources indicate, the Islamic *dīnār* was readily accepted as a premier medium of commercial exchange in India and various other Asian ports at this time.[17]

As for Chinese trade, the ᶜAbbāsid caliphate, which maintained both diplomatic and commercial relations with the Orient, built upon a longstanding legacy of east-bound Indian subcontinent trade that dated back to the Graeco-Roman and Sabaean times.

Indeed, there is evidence that Muslim trading colonies had existed in Canton as early as the third century A.D. Early Arabic sources – al-Ṭabarī, al-Balādhurī, and al-Dīnawarī among them – also note the presence of vessels involved in commerce with China (*sufun min al-Ṣīn)* in the various ports and harbors of the Arabian Gulf at the time of the initial Muslim conquests. Numerous chroniclers likewise refer to 2nd/8th century Arab merchants visiting and financing trade with China. A purpose-built bazaar in Baghdad, in fact, was devoted to the sale of Chinese wares.[18]

There likewise are references to Muslim merchants and Sino-Arab trade within medieval Chinese sources. Chinese records of the 2nd/8th

14 Abū al-Fidā' 1908, passim.
15 *Akhbār al-Ṣīn wa al-Hind* 1948, passim.
16 On them, see L. Rabinowitz 1948, pp. 55–63, passim.
17 *Akhbār al-Ṣīn wa al-Hind* 1948, passim; Ibn Khurradādhbih 1889, pp. 153–155; L. Rabinowitz 1948, pp. 55–63.
18 Al-Iṣṭakhrī 1870/1892, pp. 176 ff.; Strabo 1917–1932 Book II, xii, Book XV, i, iv, Book XVI, iv; Pliny 1938–1962, Book V, xxxii, 149–151, Book VI, xxvi, 104; *Periplus* 1927, paras 7, 14, 16, 21–22, 24–27, 31; al-Ṭabarī 1879–1901, vol. 5, pt. 1, p. 2383; al-Balādhurī 1866, p. 341; al-Dīnawarī 1912, p. 123; K. Hall 1963, pp. 76–79; Ḥ. al-Miṣrī 1982, pp. 262 ff.; S. D. Goitein 1973, pp. 190, 195; H. A. R. Gibb 1921, pp. 613–622; G. R. Tibbetts 1956, pp. 183 ff.

century, for instance, refer to the Muslim caliph ("Commander of the Faithful" = *Amīr al-Mu'minīn*) as *"hanmi-mo-mo-ni."* A songwriter contemporary to the age similarly describes the ongoing Near East transit trade to Sri Vijaya in Malaysia and to China, thusly:[19]

> The Arabs bring their goods by ship to San-fo-chi' (*Sri Vijaya*) and exchange them there . . . each year, their great ships leave San-fo-chi' for Canton.

In Canton, the merchants reportedly were assigned special quarters and permitted to consign their goods to official bonded warehouses in exchange for a thirty percent commission to the Chinese authorities.

A 2nd/8th century Chinese chronicle indicates that Arab merchants were required to formally register with an official agency specifically set up to regulate maritime commerce. The Rādhānite Jews likewise carried on trade between Europe and the Orient, via the Middle East, at this time, and, in fact, maintained permanent trading colonies in China.[20]

The "China run" would typically set out from al-Baṣrah, Sīrāf, or al-Ubullāh, first stopping at such principal Arabian Gulf ports of call as Ṣuḥār, Masqaṭ, al-Qays Island, and Ḥumrān. From there, it would traverse the Indian Ocean, sailing directly for such coastal port cities as Kūlam Malī in Malabar or al-Daybul or al-Manūrah in al-Sind. Leaving India, it might then head for Ceylon or go onward to Canton (*Khanfū*) in China, via Kalah Bār in the Strait of Malacca, Sumatra, Cambodia, and the island of Ṣanf Fūlāw (off modern Vietnam).

According to the author of *Akhbār al-Ṣīn wa al-Hind*, the voyage from Masqaṭ to Kūlam Malī to Ṣanf Fūlāw to Canton took one month between each of several stops, for a total voyage of 120 days. Adding in transit time in ports of the Arabian Gulf, therefore, a one-way trip from al-Baṣrah to Canton would take approximately six months at best, and a round trip a minimum of a year.[21]

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19 J. W. Thompson 1959, vol. 1, p. 373.

20 See al-Ṭabarī 1879–1901, vol. 5, pt. 1, p. 2383; al-Balādhurī 1866, p. 341; al-Dīnawarī 1912, p. 123; *Akhbār al-Ṣīn wa al-Hind* 1948, sec. 7, p. 16; Ibn Khurradādhbih 1889, pp. 153–154; Ibn al-Faqīh 1885, p. 11; *Chau-Ju-Kua* 1911, p. 9; T. Lewicki 1935, pp. 173–186; R. Hodges and D. Whitehouse 1983, pp. 131–132, 143 ff.; J. H. Kramers 1931, pp. 94–96; L. Rabinowitz 1948, pp. 64–77; P. Hitti 1970, p. 305.

21 *Akhbār al-Ṣīn wa al-Hind* 1948, sec. 11; al-Yaᶜqūbī 1892, pp. 365–366; al-Masᶜūdī 1861–1877, vol. 1, pp. 302–308, 327–329; Ibn Khurradādhbih 1889, pp. 61–64; Ibn Ḥawqal 1982, pp. 206 ff.

It appears that by the onset of the 4th/10th century, however, such round trips were uncommon. Instead, the seaport, Kalah Bār, on the Malaysian Peninsula, had become the Muslims' prime midway station for Oriental trade. On this the contemporary Arab geographer, al-Masᶜūdī writes:[22]

> Here the Muslim ships of the Sīrāfīs and the ᶜUmānīs now stop and meet ships of China. But formerly, the Chinese merchant ships (*marākib al-Ṣīn*) came to Sīrāf, ᶜUmān, and the Persian and Baḥraynī coasts, and to al-Ubullāh and al-Baṣrah; and ships from there would go to China.

This significant shift in transcontinental trading patterns is explained by some sources as having resulted from a series of turbulent events in Canton that occurred as early as 264/878 when violent local rebellions caused a massacre of large numbers of foreign merchants. [23]

In addition to China, other oriental ports of call included: Sarandīb (Ceylon),[24] Lūqīn (modern Hanoi),[25] Jābah (Sumatra), the Malay-Indonesian archipelago,[26] *al-Wāqwāq* (modern Japan),[27] and *al-Shīlā'* (modern Korea).[28] Of Japan, Ibn Khurradādhbih states: [29]

> East of *al-Ṣīn* (China) is the land that is called *al-Wāq-wāq*, which is so rich in gold that its people make dog chains and collars for their apes from it; and they bring garments woven from gold for public sale.

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22 Al-Masᶜūdī 1861–1877, vol. 1, pp. 304, 307–308; see also Yāqūt 1866–1873, vol. 3, pp. 452–453; al-Marwazī 1942, p. 155; ᶜA.ᶜA. al-Dūrī 1974, p. 148.

23 On these developments, see *Akhbār al-Ṣīn wa al-Hind* 1948, sec. 11; al-Masᶜūdī 1861–1877, vol. 1, pp. 302–308.

24 *Akhbār al-Ṣīn wa al-Hind* 1948, sec. 4; al-Masᶜūdī 1861–1877, vol. 1, p. 338; Ibn Khurradādhbih 1889, pp. 63–70; G. R. Tibbetts 1956, p. 70.

25 Ibn Khurradādhbih 1889, pp. 69–70.

26 Ibn Khurradādhbih 1889, pp. 11, 16, 65–68, 144–145; *Akhbār al-Ṣīn wa al-Hind* 1948, sec. 4, pp. 6–7, 14–16; M. Meilink-Roelofsz 1970, pp. 137 ff.; R. DiMeglio 1970, pp. 105 ff.

27 Ibn Khurradādhbih 1889, pp. 69–70; Ibn Rustah 1892, pp. 92–93; Ibn al-Faqīh 1885, pp. 3–4. Certain scholars maintain that "al-Wāqwāq" refers to Sumatra, or to such African islands as Madascar, the Cormoros Islands, or Zanzibar, but the early Arabic sources make clear that it is to Japan to which they refer. (On this, see R. Hodges and D. Whitehouse (1983), p. 132.) The confusion appears to arise because certain medieval Arabic sources, among them al-Muqaddasī, frequently refer to the Red Sea as *"Baḥr al-Ṣīn."*

28 Ibn Khurradādhbih 1889, pp. 70; Ibn Rustah 1892, pp. 92–93; al-Marwazī 1942, p. 27; al-Masᶜūdī 1861–1877, vol. 1, p. 346.

29 Ibn Khurradādhbih 1889, p. 69.

Whereas, of Korea, he asserts:[30]

> The Muslims enter a country at the extremity of China called *al-Shīlā'*, wherein there is much gold; and they are so attracted by its virtues that they never leave.

Because of the great distances involved in Oriental transit trade, the commodities transacted were generally luxury goods (i.e, items of low bulk and high unit value). Major products imported by the Muslims from the Far East included rosewood, sandalwood, bamboo, tin, drugs, spices, sugar, rice, aloes. In addition, camphor came from Indonesia; felts, silk and silk clothing, aromatics, porcelains, ceramics, crockery, horse harnesses and saddles, paper, swords, aloes, camphor, musk, and cinnamon from China; and crystals, rubies, sapphires, and other gemstones and semi-precious stones from Ceylon.[31]

Commodities offered by the Muslims in exchange included cottons, carpets, linens, woolens, glass, crystal, amber, myrrh, coral, tortoise shells, ivory, precious metals, and gems.[32]

2. Trade with Northwest Eurasia

Muslim commerce with the cities of Central Asia dated back to the early Arab conquests – and the ᶜAbbāsid caliphate, in its earliest years, built strongly upon this long legacy of flourishing trade. Al-Jāḥiẓ cites amongst its principal mid-3rd/9th century central Asian imports from twenty sites:[33]

30 Ibn Khurradādhbih 1889, p. 170.

31 Ibn Khurradādhbih 1889, pp. 62–70, 153–154, 170; Ibn al-Faqīh 1885, p. 251. For narrative descriptions of this ongoing commerce, see M. Meilink-Roelofsz 1970, passim; R. DiMeglio 1970, passim; S. M. Stern 1967, pp. 1–14; G. Scanlon 1970, pp. 81–95; M. Rodgers 1970, pp. 67–80; K. Hall 1963, pp. 76–79; B. Lewis 1966a, p. 87.

32 *Chau-Ju-Kua* 1911, pp. 127, 197–199, 226–227, 232–233, 237–238; al-Marwazī 1942, p. 17; Ibn Khurradādhbih 1889, p. 67; ᶜA.ᶜA. al-Dūrī 1974, pp. 147–148.

33 Al-Jāḥiẓ 1935, pp. 28–34, 176 ff.; al-Ṭabarī 1879–1901, vol. 6, pp. 439–440; al-Iṣṭakhrī 1870/1892, pp. 159 ff.; Yāqūt 1866–1873, vol. 2, pp. 24, 26, 367–368; Ḥ. al-Miṣrī 1982, pp. 269 ff.

Region(s)	*Products*
Khwārizm	musk, ermine, martin, miniver, fox furs, and sugar cane
Samarqand	paper
Balkh	grapes and truffles
Bushanj	candies
Marw	zithers, carpets, and suits of clothing
Jurjān	grapes, pheasants, pomegranate seeds, cloaks, and raw silk
Āmid	brocaded suits, curtains, and woolen veils
Dabāwand	arrowheads
al-Rayy	peaches, pomegranates, cloaks, suits, mercury, weapons, combs, bonnets, and linens
Iṣfahān	honey, quinces, pears, apples, fruit syrups and drinks, saffron, soda, white lead, antimony sulfide, suits of clothing, and beds
Qūmis	axes, saddle blankets, umbrellas, and woolen veils
Kirmān	indigo and cumin
Bardha^{c}ah	racing mules
Fāris	linen suits, rose water, jasmine ointment, and syrups
Fasā'	pistachios, fruits, and glassware
al-Ahwāz	sugar, silk brocades, grape extract, dates, sugar candy, and dancing girls
Ḥulwān	pomegranates, figs, and vinegar sauces
Armenia and Ādharbayjān	felts, pack saddles, carpets, mats, cordons for drawers, and quality wool
Maysān	cushions

These Central Asian cities often served as key entrepôts for transit trade between Baghdad and the other principal commercial regions of northern Europe as well. Principalities and tribes from these regions with whom Muslim merchants were in commercial contact included the Khazars, "Rūs," Bulgars, Vikings, and sundry other groups.

The medieval Muslim chroniclers were, in fact, often very much aware of these various trade relationships. Beside his detailed discussion of "al-Rūs," for example, al-Mas^{c}ūdī devotes the seventeenth chapter of his *Murūj al-Dhahab,* to accounts of the Circassians, Khazars, Bulghars, al-Lān, Abkhāz, and other "Turkic" tribes.

Al-Iṣṭakhrī likewise describes what he calls "lands of the Armenians, al-Lān, al-Sarīr, al-Rūs, Khazars, Bulghars, al-Ṣaqālibah, and the Turks." Ibn Rustah, in turn, speaks of the Khazars, Bulghars, Barāsids, al-Ṣaqālibah, al-Lāns, and other clans. Indeed, modern exegesis has pondered, at length, the provenance of many of these tribal groupings, but it is only their roles in facilitating ongoing commerce, and not their ethnic origins, that are germane to the present inquiry.[34]

In addressing specific directions of trade, Ibn Khurradādhbih asserts that a prime commercial route from the Near East to northern Eurasia coursed from Iraq through Khurāsān up the Volga through the land of the Khazars to Ṭabaristān – then across the Caspian Sea between the Volga River delta and Jurjān. Another moved from Baghdad to al-Rayy to "Khazarīyah" within the Volga basin via the Caspian Sea and Jurjān. Areas such as al-Jibāl, Zanjān, Ādharbayjān, Bardha^{c}ah, Tiflīs, and Dabīl, in turn, were tied into this transit system through a network of feeder routes.

Trade likewise moved in a northwesterly direction across Russian Europe from the Caspian Sea along the Volga through the "land of the Bulghars" to the Baltic – as merchants from Damascus, Samarqand, Tehran, and Tiflīs would congregate in Ātil, the Khazar capital; and from there, go by river northward to Astrakhān and Bulghār. Yet another route went from Transoxiana to the delta region of Khwārizm at the mouth of the Oxus River.[35]

The "Khazars" were an obscure tribal grouping that consisted of adherents to a variety of religious faiths who appear to have officially converted to Judaism early in the 3rd/9th century. Their kingdom centered on the northwest shore of the Caspian Sea and in the lower basin of the Volga, covering a region corresponding closely to the modern Crimea.

After a series of debilitating wars between the Muslims and Khazars, a tenuous detente seems to have developed early in the reign of the ^{c}Abbāsid Caliph al-Manṣūr circa 143/760 – a development that simulta-

34 Al-Mas^{c}ūdī 1861–1877, ch.17, passim; al-Iṣṭakhrī 1870/1892, pp. 5 ff.; Ibn Rustah, 1892 pp. 139–149.

35 Ibn Khurradādhbih 1889, p. 250; Yāqūt 1866–1873, vol. 2, pp. 267–268; Ibn Rustah 1892, pp. 141 ff.; ^{c}A.^{c}A. al-Dūrī 1974, p. 150. Coin evidence suggests that due to severe internal civil unrest occurring both in Arabia and European Russia, this Islamic trade diminished quite significantly for a period commencing circa 205/820. (On this diversion of trade, see R. Hodges and D. Whitehouse 1983, pp. 160 ff.)

neously appears to have made possible a significant exchange of trade between the Near East and Central Russia.[36]

Because of its prime central European location, the Khazars' realm cleverly adopted commerce in the form of transit trade as its prime economic base. Its most important commercial routes, as noted, passed through the basins of the Volga and Don rivers, along the shores of the Azov Sea, and then across the territories between the Black, Caspian, and Aral seas.

Al-Mas^cūdī states that in his time early in the 4th/10th century, he personally knew of Muslim merchants and sailors engaged in trade with the "Khazarī" region, and that many commercial ships frequented the Caspian Sea, the Volga River, and its tributaries from the sea coast to regions between "Khazarīyah," Burṭās, the land of the Bulghārs, and that of al-Rūs. Domestically, besides trading activity, he claims, the Khazars were also engaged in cattle-breeding, general farming, and fishing.[37]

The "Rūs," in turn, appear to have been made up of aggregates of peoples likewise having diverse yet nondescript roots – with numerous scholars, medieval and modern, endeavoring to sort out their enigmatic origins.[38] Al-Iṣṭakhrī asserts that they were of mixed provenance:[39]

> The Rūs are of three kinds. The king of the kind nearest to Bulghār lives in a city called Kūbāyah, which is larger than Bulghār. Another kind, more distant, are called al-Ṣlāwīyah (Slavs); and there is likewise a third kind called al-Arthānīyah, whose king lives in Arthā'. These people come to trade in Kiev.
>
> It is not recorded that any stranger has entered Arthā', for they kill all who set foot in it. They descend by water to trade and say nothing of their affairs and merchandise. They let none accompany them or to enter their

36 Al-Iṣṭakhrī 1870/1892, pp. 220, 224 ff.; Ibn Rustah 1892, p. 139; al-Mas^cūdī 1861–1877, vol. 2, p. 8; Yāqūt 1866–1873, vol. 2, p. 8; Ibn al-Faqīh 1885, p. 298; al-Ṭabarī 1879–1901, vol. 2, pp. 1200, 1217, 1346, 1437, 1506, 1530–1532, 1560, 1573, 1595, vol. 3, pp. 305–307; al-Ya^cqūbī 1883, vol. 2, p. 381; O. Pritsak 1981a, pp. 261–281, passim; D. Dunlop 1954, pp. 60 ff., 89 ff.; *Derbend-Nāmeh* 1851, pp. 88–93; T. Noonan 1981, pp. 51–52; idem. 1984a, pp. 172 ff.

37 Al-Mas^cūdī 1861–1877, vol. 2, pp. 14–15; idem. 1893, pp. 62–63; al-Iṣṭakhrī 1870/1892, pp. 217, 221; Ibn Rustah 1892, pp. 139–140; Ibn Ḥawqal 1872, p. 394.

38 Cf. al-Mas^cūdī 1893, p. 190; Ibn Khurradādhbih 1889, pp. 154 ff.; Ibn al-Faqīh 1885, p. 271; *Ḥudūd al-^cĀlam* 1970, pp. 432–438; ^cA.^cA. al-Dūrī 1966, pp. 7–40, passim; O. Pritsak 1982, pp. 3–9; P. Sawyer 1971, p. 48; idem. 1982, pp. 115 ff.; A. Vasiliev 1932, pp. 316–317.

39 Al-Iṣṭakhrī 1870/1892, pp. 225–226.

> land. From Arthā, they bring black sable skins and lead. The fox skins of Burṭās are also brought from that country.

Ibn Khurradādhbih, in turn, focuses not upon the origins of this tribal grouping but instead upon its keen commitment to trade:[40]

> The Rūs come from the most distant parts of the Slavs' lands and cross the Roman Sea to Constantinople where they shop their wares, beaver and black fox furs, as well as swords. Or they sail up the river of the Slavs (the Don) and head for the capital of Khazar. There, they embark in boats and cross the Jurjān Sea to points on its coastline. Sometimes, they carry their merchandise on camels from Jurjān to Baghdad, where Slavs act as their interpreters.

Ibn al-Faqīh expands upon the dimensions and direction of this trade:[41]

> They go by water to Samkūsh (Samkarsh) of the Jews; afterwards they proceed to the domain of the Slavs. They take the route from the Slavonic Sea (the Azov) into the river which is called 'the river of the Slavs' (the Don), and come to the mouth of this river which belongs to the Khazars; and the King of the Khazars collects a ten percent customs tax from them.

Thus, the 4th/10th century Arab geographers present clear evidence documenting the role of the "Rūs" as both wholesalers and commodity brokers who traded in the markets of "Khazarīyah" and Bulghār; then traveled to the southern shores of the Caspian, where they exchanged merchandise with the merchants of Baghdad.

Each year, the sources similarly relate, the "Rūs" likewise gathered sizable fleets of ships from Novogorod, Smolensk, and elsewhere; and every June set down the Dnieper to engage in commerce with Byzantium. It also appears that they contested with the Khazars for trade supremacy in the Black Sea region – with Ibn Khurradādhbih, at times, calling that body of water: *Baḥr al-Khazar* and al-Masᶜūdī referring to it as: *Baḥr al-Rūs.* [42]

The Bulghars, in turn, were diverse remnants of Germanic Hunnish hoards. Early in the 2nd/8th century, they then divided – with one group moving to the Danube where they founded the "Bulgaro-Slavonic King-

40 Ibn Khurradādhbih 1889, p. 154.

41 Ibn al-Faqīh 1885, pp. 270–271.

42 Ibn Khurradādhbih 1889, pp. 103–105, 154, 156, 173; al-Masᶜūdī 1861–1876, vol. 1, pp. 261–262, vol. 2, p. 15; Ibn Rustah 1892, pp. 145–147; T. Lewicki 1965, p. 465; P. Sawyer, 1982, pp. 28–29; O. Pritzak 1970, pp. 241–259, passim; ᶜA.ᶜA. al-Dūrī 1974, p. 151; D. Dunlop 1954, p. 98.

dom;" and another occupying a position on the Volga northwest of the Caspian Sea between the territories of the Khazars and the Scandinavians.

Like the Khazars, they traded, fished, and cultivated the land. As a result of their extensive trade contacts with their Islamic border regions, the ᶜAbbāsid Caliph al-Muqtadir, in Ṣafar 309/June 921, dispatched a senior member of his court, Aḥmad b. Faḍlān, to the royal court of the Volga Bulghars. Indeed, in the year immediately following this diplomatic mission, the Bulghars converted to Islam and formally entered into the *Dār al-Islām's* religious jurisdiction as well as into its wide-ranging commercial orbit.[43]

There likewise is abundant evidence of significant indirect Muslim commerce with countries of Scandinavia. Certain sources suggest that the prime intermediaries of such trade were bands of Swedish merchant warriors – alternately cited as Norsemen, Vikings, Varangians, or "Rūs." From numismatic evidence, it appears that they may have penetrated Russia as early as the 2nd/8th century – and the wide scope of their subsequent commercial activities is evidenced by the discovery of over one thousand coin hoards attributed to them that contained more than 62,000 Islamic *dīnārs* and *dirhams* scattered across a broad band of central and northwest Europe.[44]

Recent archaeology has likewise established tangible evidence – in the form of relics and product remnants – of Muslim trade with countries of the Baltic region. The 5th/11th century Cordovan explorer al-Ṭarṭūshī, among others, is known to have visited the region – and al-Idrīsī's detailed map of Scotland likewise shows more than a passing acquaintance with features of its topography.[45]

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43 Al-Iṣṭakhrī 1870/1892, p. 225; Ibn Rustah 1892, pp. 141 ff.; *Ḥudūd al-ᶜĀlam* 1970, pp. 460–461. The most detailed account of the Islamic conversion of the Volga Bulghars is to be found in the *"Risālah"* of Aḥmad b. Faḍlān (see A. Zeki Validi Togan. *Ibn Faḍlān's Reisebericht*, 1939, passim), which relates his journey of A.D. 922. See also A.P. Kovalevskii 1956, passim; V. Minorsky 1945, pp. 109–122, passim.

44 Ibn Rustah 1892, pp. 145–146; *Risālat Ibn Faḍlān* 1959, passim; A. Togan 1939, passim; *Ḥudūd al-ᶜĀlam* 1970, pp. 460–461; H. Pirenne 1972, p. 22; N.J.G. Pounds 1974, p. 87; R. Bautier 1971, pp. 55–56; M. Canard 1958, pp. 41 ff.; idem. 1973a, art. 5, pp. 213–223, passim; N. Ziyādah 1962, pp. 195–199; P. Sawyer 1971, pp. 88, 173 ff.; J. Bronsted 1960, pp. 247–248; J. Jones 1986, pp. 164–165, 174–177; 213–214, 250–256; J.W. Thompson and E.N. Johnson 1937, p. 173.

45 Cf. F. Himly 1955, pp. 35 ff.; P. Sawyer 1971, pp. 88, 173 ff.; R. Hodges 1982, pp. 78–81, 108 ff.; A. Lewis 1978, pp. 147–151; D. Dunlop 1947, pp. 114–118; W. Stevenson 1948, pp. 202–204.

There is evidence that the Rādhānite Jews were active in this region as well. Ibn Khurradādhbih, in fact, describes their prime role in Central Asian transit trade as part of their overall commodity brokering activity along a historic trans-Asian overland route to China. Numismatic evidence suggests that they were particularly active in the 133/750 to 205/820 period.[46]

Preserved coin hoards, as indicated, provide unique insights into the directions of Muslim trade with northwest Eurasia. Beside specimens of currency dating to as early as Sāsānid times, for example, sizable volumes of Umayyad and ᶜAbbāsid coins have been discovered both in "Khazarīyah" and in central Russia – with the largest of these coin troves containing more than 11,000 *dirhams* and weighing more than 65 pounds.

Noonan, who has examined this body of numismatic evidence extensively, has determined that in one grouping of 40 hoards consisting of 15,704 coins from the region, 11,850, or 75.5%, were ᶜAbbāsid *dirhams* – a figure indicative of the relative prominence of contemporary Muslim-related commerce. Such totals lead Noonan to conclude that:[47]

> From 770–850 A.D., one can very legitimately argue that (Arab) *dirhams* were the *de facto* currency throughout the Caucasian (mountains), European Russia, and the Baltic.

Other studies of major coin hoards found throughout Scandinavia have produced similar commercially illuminating results. Indeed, over a thousand hoards containing more than 62,000 Islamic *dīnārs* and *dirhams* have now been discovered to date. One such study found hoards containing Islamic coins ranging in their dates from 79/698 to 401/1010; while others contained varied, scattered currency specimens dating to as early as the pre-Islamic Sāsānid period.

Another study of sixteen such hoards, each containing more than 100 *dirhams*, suggests that the peak period of the use of such Islamic cur-

46 Ibn Khurradādhbih 1889, pp. 153–154; E. A. Ashtor 1987, pp. 257 ff.; L. Rabinowitz 1948, pp. 139 ff.; J. Brutzkus 1943, pp. 30–41; O. Pritzak 1981b, p. 25; T. Noonan 1984b, pp. 155–162.

47 T. Noonan 1986, and p. 54 in particular; idem. 1982a, pp. 227 ff.; idem. 1984a, pp. 151 ff., passim; idem. 1980, pp. 401 ff., 409 ff., 439–449, passim; idem. 1974, pp. 448–452; idem. 1978, pp. 26–40; idem. 1984b, pp. 153 ff.; idem.1982b, pp. 220 ff., 225–226, 234–237; idem. 1977, pp. 238 ff.; idem. 1986 passim, and pp. 118 and 127 in particular; S. Bolin 1953, pp. 33–34; ᶜA.ᶜA. al-Dūrī 1966, p. 152; A. Lewis, 1978, pp. 149–150; R. Hodges 1982, pp. 156–157.

rency within the region occurred between 148/765 and 205/820. In another indicator of Islamic currency's prevalence in these markets, Ibn Rustah states that the Norsemen refused to accept payment for goods in any denomination of money except in Muslim silver *dirhams*.[48]

The medieval Arabic sources report that ᶜAbbāsid imports from northwest Eurasia at this time consisted of a wide variety of products including amber; *isinglas;* hemp; cloth; weapons such as arrows, swords, and armor; wax; honey; birch bark; castor; nuts; falcons; livestock; goat skins; leather; dried fish; walrus tusks; sable, miniver, ermine, marten, fox, beaver, rabbit, and gray squirrel furs; *khalānj* wood; and most importantly, slaves. In this period, in fact, central European slaves were among the prime energy resources of the ᶜAbbāsid empire.[49]

In addition to such currency-based trade transactions, accounting, in no small part, for the vast volumes of Islamic coin hoards found in northwest Eurasia, the medieval Muslim sources, as well as archaeological excavations, have likewise encountered evidence suggesting a significant northwest Eurasian counter-trade demand for Near Eastern glassware, pottery, silks and other valuable cloths, silver and other metal wares, cornelian beads, boxwood combs, seashells, and sundry raw materials.[50]

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48 On them, see Ibn Rustah 1892, pp. 145 ff.; S. Bolin 1953, p. 33; P. Sawyer 1971, p. 88; idem. 1982, pp. 122 ff.; N. J. G. Pounds 1974, p. 87; A. Lewis 1978, pp. 149–151. On the total number of coins found in Sweden, see U. S. Linden 1938, p. 124; idem. 1941, pp. 74–120. (This hoard includes coins minted in the reigns of the Umayyad caliphs al-Walīd I, Yazīd II, Hishām, Walīd II, and Marwān II (85/704–132/749). On Umayyad coins in Danish hoards, see R. Shoumand 1942, pp. 13–17. Likewise see W. Vaux 1853, pp. 14–23; U. Linder Welin 1974, pp. 22–29; idem. 1976, pp. 175–184, B. Hovén 1982, pp. 202–219.

49 See al-Muqaddasī 1906, p. 355; Ibn Rustah 1892, pp. 139–151; Ibn Khurradādhbih 1889, p. 154; Ibn al-Faqīh 1885, pp. 50 ff., 270–271; al-Masᶜūdī 1893, pp. 62–63; al-Iṣṭakhrī 1870/1892, pp. 213, 305; Ibn Ḥawqal 1872, pp. 281–282; D. Dunlop 1947, pp. 225–230; Ḥ. al-Miṣrī 1982, pp. 302 ff.; T. Lewicki 1962, pp. 1–33, passim; P. Sawyer 1982, p. 114; C. McCartney 1938, pp. 192–193; J. Kramers 1970, p. 75; S. Bolin 1953, pp. 29–33; O. Pritsak 1981b, p. 23. ᶜA. ᶜA. al-Dūrī (1974, pp. 75 ff.) presents detailed discourse on 4th/10th century Islamic views on slavery.

50 See al-Muqaddasī 1906, pp. 128–129, 145, 367, 442–443; Ibn Rustah 1892, pp. 149 ff.; al-Thaᶜālabī 1908, pp. 426–428; al-Jāḥiẓ 1935, pp. 28 ff.; P. Sawyer 1982, pp. 122 ff.; T. Noonan 1982b, pp. 201–281, passim, and pp. 209–211, 229, 233–234, 236, 243, and 251 in particular.

3. Trade with Byzantium and the West

Throughout the Middle Ages, ᶜAbbāsid diplomatic initiatives and trade continued with Byzantium as well – as the Arabic sources report numerous exchanges of both political and commercial embassies between the Greek emperors and the Islamic caliphs; most notably in the reigns of al-Mahdī (r. 158/775–169/785), al-Hādī (r. 169/785–170/786), Hārūn al-Rashīd (r. 170/786–193/809), al-Ma'mūn (r. 198/813–218/833), and al-Muᶜtaḍid (r. 279/892–289/902); as well as with various lesser rulers and officials within the *Dār al-Islām.*[51]

As with other regions, this ongoing commercial exchange with the West built upon a legacy of well-established trade patterns that dated back to the first Muslim caliphs – as Makkan merchants, and the banū Umayyah in particular, had long been active within in the territories of the Byzantium, paying a ten percent merchandising tax for their commercial privilege. When the caliph ᶜUmar b. al-Khaṭṭāb learned of this levy, the sources report, he imposed a reciprocal tax policy whereby the Greek merchants operating within the *Dār al-Islām* would be taxed at the same ten percent (*ᶜushr*) rate.

Indeed, source indications are that this transit tax was still in force well into the 4th/10th century. [52] Notwithstanding, the flow of trade appears to have flourished at its apogee throughout the Umayyad and early ᶜAbbāsid eras – as there is abundant documentation of colonies of merchants from each of the empires prominently stationed in the major marketplaces of the other as this time.

Indeed, throughout this period, Muslim merchants were openly encouraged by the Byzantines to bring in their commodities for sale; and various merchant guilds at Constantinople even subsisted exclusively on the pan-Islamic trade.

"Levantine" traders likewise appear to have acted as prime intermediaries of commerce between Byzantium and the *Dār al-Islām,* with Aleppo being a principal entrepôt for their transactions.The city states

51 Al-Rashīd b. Zubayr, 1959, pp. 31, 62, 73–74, 161; al-Masᶜūdī 1893, p. 142; Miskawayh 1914, vol. 1, p. 53; al-Qalqashandī n.d., vol. 7, pp. 10–18; Ḥ. al-Miṣrī, 1982, pp. 310–314; M. Ḥamīdullāh 1960, pp. 281–300, passim.

52 See Abū Yūsuf 1973, pp. 203–204; Yaḥyā b. Ādam 1979, nos. 638–640, p. 173; al-Ṭabarī 1879–1901, vol. 1, pp. 1359 ff., vol. 3, p. 1363; Ibn Ḥawqal 1872, pp. 198–199; Ibn al-ᶜAdīm 1951, pp. 167–168; Abū ᶜUbayd 1953, no. 1660; al-Muqaddasī 1906, p. 148; ᶜA.ᶜA. al-Dūrī 1945, vol. 1, p. 91; M. Canard 1973b, art. 19, pp. 48–56; Ḥ. al-Miṣrī, 1982, p. 328; A. Sulaymān 1982, pp. 267–268.

of southern Italy such as Gaeta, Naples, Amalfi, Bari, and Venice also now grew economically prosperous capitalizing upon Byzantine transit trade with the Levant and east North Africa.

In the more northerly East-West trade, most Muslim merchants from Greater Mesopotamia and Persia usually did not trade directly in Constantinople but rather conducted commercial transactions in the Black Sea border outpost of Trebizond. Ibn Ḥawqal, al-Muqaddasī, al-Iṣakhrī, and others, in fact, explicitly acknowledge the commercial significance of this city in facilitating Byzantine-Arab trade, with the latter asserting:[53]

> Trebizond is the border city of the Greeks where all of our merchants go. All textiles of Greek manufacture and brocades imported into Muslim territories pass through Trebizond.

Principal Muslim imports from Byzantium at this time included "people" – slaves, engineers, agronomists, marble sculptors, and other technical experts – brocades, crystal, furs, Greek silks, linen fabric, wools, kitchen utensils, drugs, grains, honey, cheeses, raisins, almonds, hazelnuts, and walnuts. Ibn Khurradādhbih also indicates that the ubiquitous Rādhānite Jews played an extremely important primary role in facilitating this Islamic-Byzantine commerce.

The Italian city states, as observed in Chapter 5.4, similarly played a significant role in bringing to the Islamic world, via Byzantium, slaves, timber, various furs, drugs, coral, and weapons from the West. Muslim exports to Byzantium, in turn, included Syrian textiles, perfumes, dyes, spices, silks, papyrus, mules, falcons, precious metals, and precious and semi-precious stones.[54]

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53 Al-Iṣṭakhrī 1870/1892, p. 188; Ibn Ḥawqal 1872, pp. 224–225, 344; al-Muqaddasī 1906, pp. 147–148; al-Qazwīnī 1969, pp. 529, 531–532, 541; Ḥ. al-Miṣrī, 1982, pp. 306, 308–309; R.S. Lopez 1945, pp. 29–30; A. Sulaymān 1982, pp. 268–270; H. Adelson 1962, pp. 48, 56; ᶜA.ᶜA. al-Dūrī 1945, vol. 1, p. 91. For detailed descriptions of the principal trade routes between Byzantium and the *Dār al-Islām* at this time, see al-Iṣṭakhrī 1870/1892, pp. 3–10, 224, passim; Ḥ. al-Miṣrī, 1982, pp. 306 ff.

54 Ibn Khurradādhbih 1889, pp. 153 ff.; al-Muqaddasī 1906, pp. 147–148; Ibn Ḥawqal 1872, pp. 224–225, 344; al-Jāḥiẓ 1935, p. 26; al-Rashīd b. Zubayr 1959, p. 28; M. Canard 1973b, pp. 50–52; H. Adelson 1962, p. 48; A. Sulaymān 1982, p. 270; R.S. Lopez 1945, p. 29; Ḥ. al-Miṣrī 1982, pp. 310, 315.

Appendix C

Trade Routes Leading to the Ḥijāz at the Dawn of Islam

1. Medieval Muslim Transpeninsular Trade

With a longstanding legacy of commerce, the pre-Islamic Ḥijāzī region was, quite naturally, the prime locus of a variety of key multi-directional land and sea routes. The primacy of this important transport convergence would only increase, moreover, after the rise of caliphal rule.

For with the early Islamic conquests, national boundaries that had heretofore stood as barriers to trade were eliminated – as the Arab conquerors set out to create a dynamic new "Pax Arabica" that would provide the stability required for prosperous commerce to evolve.

The need for rapid troop deployments to put down incipient revolts, such as those incited by ^{c}Abd Allāh b. Zubayr and the 7^{th} century *khawārij* erly in the reign of the caliph ^{c}Abd al-Malik bin Marwān, likewise made major military road construction, which coincidentally facilitated the flow of commerce, a priority of state policy.

Accordingly, early Muslim rulers took great pains to develop and secure the various traditional land and sea routes linking the Ḥijāz with the world around it – the Najd and al-Aḥsā' to the east; Syria, Iraq, and Persia to the north; Egypt, the Sudan, and Abyssinia to the west; and Yemen, the rest of Arabia, and the Indian subcontinent to the south and southeast.

To these ends, roads were developed and maintained in excellent repair; road markers and mile signs were erected; and water wells were dug along the all of principal trade routes. The third caliph of Islam, ^{c}Uthmān b. ^{c}Affān (d. 35/656), for instance, ordered an extensive network of wells and canals to be built along the al-Baṣrah-to-Makkah pilgrimage route. Security forces also were set up to protect commercial caravans from brigandage, a practice not uncommon to this era.[1]

The oldest, and most important, of these trade routes traversed the Ḥijāz, linking Yemen in the south, with Syria in the north. Makkah was a principal way station along this route which, in classic times, saw the transit of Indian subcontinent, South Arabian, and African goods, as well as those indigenous to West Arabia.

From it, merchandise in transit could be diverted to sea routes such as those to Abyssinia and India, as well as to alternate land routes such as that which led from Makkah to al-Madīnah. Still another key entrepôt on this road was Wādī al-Qurā (modern al-ᶜUlā'), north of Makkah, from whence goods moved northwestward to Syria and northeastward to Iraq. In recognition of its critical importance as a hub of trade, al-Muqaddasī was moved to call it "the merchandise mart of Syria and Iraq."[2]

The offshoots that led from this principal trade artery were also significant from both commercial and religious standpoints. One led to neighboring al-Ṭā'if to the south, another to Jiddah to the northwest, yet another to al-Madīnah to the northeast, and then to Bahrain (designating, in that era, a region on the Arabian Peninsula's eastern coast in what is now known as the Saudi Arabian "Eastern Province") via Ḍarīyah and al-Yamāmah in the Najd. Indian subcontinent goods that reached West Arabia frequently transited this roadway. Ḍarīyah was also the principal market site where the pilgrimage routes from Bahrain and al-Baṣrah converged enroute to West Arabia.[3]

A major Iraqi-Ḥijāzī trade route, the *Darb Zubaydah*, a key industrial artery for pilgrimage traffic and mining operations, connected al-Kūfah with Makkah and al-Madīnah. Wādī al-Qurā was a key entrepôt for the many Iraqi goods transiting this route. Al-Baṣrah likewise was connected with Makkah via a land route that passed through al-Yamāmah and brought in merchandise from further east.

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1 See al-Ḥarbī 1981, pp. 309, 643–653; al-Maqrīzī 1955, p. 30; al-Iṣfahānī 1927–1974, vol. 2, p. 171, vol. 21, pp. 233, 238, vol. 22, p. 287; Yāqūt 1957, vol. 1, p. 414, vol. 2, pp. 161, 478–479, vol. 4, pp. 336 ff., vol. 5, p. 536; al-Bakrī 1945, vol. 2, p. 275.

2 Al-Muqaddasī 1906, p. 97; al-Ḥarbī 1981, pp. 643, 653; Ibn Khurradādhbih 1889, pp. 134–150; Qudāmah b. Jaᶜfar 1889, p. 191.

3 Al-Hamdānī 1977, pp. 281–282; Ibn al-Faqīh 1885, p. 30; Ibn Khurradādhbih 1889, p. 147; Qudāmah b. Jaᶜfar 1889, pp. 191–192; Ibn Rustah 1892, p. 182. For a detailed map of these trans-Arabian trade routes, see G. Heck 2003, p. 409.

This route subdivided at a midway station in the Najdī village of al-Nibāj, with one road going to Makkah and the other to al-Madīnah. Al-arbī speaks of the impressive profits earned by the residents of al-Nibāj in catering to this rich caravan trade.[4]

Yet another branch of this route moved southward from al-Yamāmah into the Yemen. Al-Falj (modern al-Aflāj) was a major way station on this Iraqi-Yemeni circuit. Al-Iṣfahānī praises the great wonders of the marketplace at al-Falj, and al-Hamdānī claims that it contained 260 wells to provide fresh water to the caravan traffic. Also along this route was the village of al-Khuḍārim, where the Iraqi-Yemeni and Bahraini-Ḥijāzī trade routes intersected.[5]

Oman and Ḥaḍramawt were connected to Makkah via the ancient coastal "incense route" that passed through Jiddah. Still another branch moved northward through Wādī al-Qurā, Aylah, and into al-Fusṭāṭ in Eqypt. In Wādī al-Qurā, this key commercial artery intersected the north-bound trade route to Damascus, which then also branched off toward al-Madīnah and Makkah.[6] Thus, the principal cities of the Ḥijāz were historically interlinked in an intricate network of land routes that brought in merchandise from Syria, Iraq, Persia, Egypt, Abyssinia, and elsewhere in the proximate Near East.

But the Ḥijāzīs' external trade, of course, was not limited to this land borne commerce. For the Arabian Peninsula then was likewise an extremely important concourse of waterborne commerce, as al-Shu^{c}aybah, al-Sirrayn, al-Jār, and Jiddah, the ports of the Ḥijāzī Red Sea littoral, accommodated the ships coming in from the Yemen, Abyssinia, Egypt, and other ports of the immediate region and beyond.

Externally, Makkah had enjoyed a long legacy of commercial ties with Egypt, Abyssinia, and outlying areas of the Arabian Peninsula via the Red Sea. In pre-Islamic times, al-Shu^{c}aybah was the primary port that serviced this trade.

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4 Al-Ḥarbī 1981, pp. 646–648, 650 ff.; Qudāmah b. Ja^{c}far 1889, pp. 185, 190 ff.; Ibn Khurradādhbih 1889, pp. 128–129, 146; al-Muqaddasī 1906, pp. 87, 107; Ibn Rustah 1892, pp. 175,180–181.

5 Al-Iṣfahānī 1968, p. 204; al-Hamdānī 1977, pp. 281–282, 305; Ibn Khurradādhbih 1889, pp. 134–135, 146–147, 151, 153; Qudāmah b. Ja^{c}far 1889, pp. 186, 190–193.

6 Al-Ḥarbī 1981, pp. 646–648; Ibn Khurradādhbih 1889, pp. 147–148; Qudāmah b. Ja^{c}far 1889, pp. 190–193; al-Muqaddasī 1906, pp. 110–112; al-Ya^{c}qūbī 1892, pp. 340–341.

Later, however, with the abrupt shift of governance from Makkah to al-Madīnah in 622 A.D., al-Jār, north of al-Shu^{c}aybah and Jiddah on the mid-Red Sea coastline, would become the principal seaport servicing the new Islamic capital. ^{c}Arrām al-Sulamī indicates that the port city of al-Jār was located some three days journey (*marāḥil)* from al-Madīnah, and that, in his time, it was often frequented by vessels from Abyssinia, Egypt, Bahrain, and China.

Sources describe Egyptian ships laden with grains arriving at al-Jār in the reign of the caliph ^{c}Umar b. al-Khaṭṭāb (d. 23/644); whereas al-Muqaddasī states of this key port city:

> Al-Jār is on the seacoast. It is fortified and walled on the three sides not facing the sea. It contains luxurious palaces and a very thriving market. It is the granary of al-Madīnah and its suburbs.

So prominent was al-Jār as a port city, according to some reports, that the Red Sea was frequently referred to as the "Sea of al-Jār" (*Baḥr al-Jār*).[7] Beginning in the reign of Caliph ^{c}Uthmān b.^{c}Affān, however, Jiddah, some 40 miles to the northwest from inland Makkah, gradually supplanted al-Shu^{c}aybah as that region's primary commercial seaport.

Indeed, by the time its construction was fully completed in 26/647, it had become the most significant seaport on the Red Sea. Ibn Khurradādhbih calls Jiddah a very important entrepôt of East-West trade; whereas al-Ya^{c}qūbī notes that food supplies reached Makkah via this seaport. Al-Muqaddasī states of Jiddah:[8]

> It is heavily fortified, flourishing, and populous, and its inhabitants are principally merchants and people of great wealth. Juddah is the granary of Makkah and the emporium of Egypt and Yemen.

Yet another port, al-Sirrayn, which no longer exists, was approximately "four to five days journey"south of Jiddah in the vicinity of modern Jizān. According to al-Muqaddasī, it was known for its honey, dates, and other delicacies. In addition to these products, it was engaged in shipments of grains to Makkah, al-Madīnah, and other principal Ḥijāzī

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7 ^{c}Arrām al-Sulamī 1990, pp. 13 ff.; Ibn al-Faqīh 1885, p. 78; al-Ya^{c}qūbī 1892, p. 313; Ibn Khurradādhbih 1889, pp. 153–154; al-Zubayr b. Bakkār 1961, p. 478; al-Muqaddasī 1906, p. 83.

8 Yāqūt 1957, vol. 11, p. 351; ^{c}Arrām al-Sulamī 1990, pp. 4 ff.; Ibn al-Faqīh 1885, p. 78; al-Ya^{c}qūbī 1892, pp. 313, 317; Ibn Khurradādhbih 1889, p. 153; al-Muqaddasī 1906, pp. 79, 83; al-Hamdānī 1977, p. 57; al-Ḥarbī 1981, p. 413.

cities. It likewise reportedly was involved in quite substantial trade with Ethiopia, particularly in slaves.[9]

To facilitate this longstanding Ḥijāzī Red Sea trade with Egypt, the caliph ᶜUmar b. al-Khaṭṭāb ordered the reconstruction of the erstwhile Roman canal north of al-Fusṭāṭ that had connected the Nile with the Red Sea – thus enabling Egyptian ships bearing maize, grains, and other produce to sail directly to the ports situated on the western coastline of the Arabian Peninsula (and conversely). On this development, Ibn ᶜAbd al-Ḥakam relates the explicit order of the caliph ᶜUmar to his provincial governor, Egypt's conqueror, ᶜAmr b. al-ᶜĀṣ:

> God has opened Egypt to Muslims. It is a land abundant with food. I wish to provide well for the Ḥijāzī people, for God has delivered Egypt into their hands. Therefore, you must reopen the canal from the Nile to the (Red) Sea, for it is easier to bring food to al-Madīnah and Makkah by this means than by land.

Upon the opening of this canal, Ibn ᶜAbd al-Ḥakam continues, ᶜUmar and other notables of al-Madīnah went personally to al-Jār to receive the first twenty ships heavily laden with Egyptian cargo, including 3,000 *arādīb* of prime foodstuffs. In commemoration of this development, al-Muqaddasī relates that no less than 3,000 "camel loads" of maize were exported from Egypt to the Ḥijāz in a single shipping season to meet the consumption needs of Muslim pilgrims. To further safeguard this critical commerce, the sources relate, later caliphs would maintain regular naval patrols on the Red Sea.[10]

2. Medieval Muslim Trade Routes to Africa

Because of its proximity, Muslim land-based trade with Africa was particularly important as commercial caravans moved westward from Baghdad, southwestward through the Levant, westward through the major mercantile cities of Egypt – and then fanned out through the

9 Al-Muqaddasī 1906, p. 86.

10 Ibn ᶜAbd al-Ḥakam 1922, pp. 163–165; al-Muqaddasī 1906, pp. 97, 195; al-Maqrīzī 1959, vol. 3, p. 25.

breadth of North Africa, where they connected to routes headed into the hinterlands of Africa.[11]

By sea, trade also flowed from such prime Arabian Gulf ports as al-Baṣrah, Sīrāf, Ṣuḥār, al-Ubullāh, and ᶜAdan, around the "horn of the Arabian Peninsula," to such Egyptian Red Sea ports as ᶜAydhāb and al-Qulzum. East African commerce likewise was directly connected to the transit trade of the Arabian Peninsula via the ports of Jiddah, al-Jār, and al-Sirrayn.[12]

The 4th/10th century Sīrāfī trader-explorer Abū Zayd b. al-Yazīd provides details on additional variants on these sundry trade routes, while concomitantly confirming that Jiddah was a prime entrepôt for Arabian Gulf trade bound for Egypt:[13]

> The ships of the Sīrāfīs, when they reach this (Red) Sea, which adjoins the Indian Ocean, stop at Jiddah, where the merchandise is then transferred to ships from al-Qulzum.

Once in Africa, merchants went westward across al-Maghrib, and then northward to al-Andalus; or alternately southward inland in pursuit of gold, slaves, and other merchandise. Prime sources of African gold at this time, of course, were Wādī al-ᶜAllāqī, east of Aswan, and Ghana in West Africa.[14]

The 4th/10th century Arab geographer Ibn Ḥawqal recalls seeing various colonies of Iraqi merchants from al-Baṣrah, al-Kūfah, and Baghdad trading in Sijilmāsah in West Africa;[15] whereas fellow 5th/11th century geographer/explorer al-Bakrī cites al-Qayrawān as a principal ob-

11 Ibn Khurradādhbih 1889, pp. 72, 77–80, 93, 99, 154–155; al-Muqaddasī 1906, pp. 79, 83, 195–199, 215, 224–225, 231; al-Yaᶜqūbī 1892, pp. 313, 317, 335, 340–344, 359; al-Qalqashandī n.d., vol. 3, p. 464, vol. 5, pp. 163–164; al-Iṣṭakhrī 1870/1892, pp. 25, 45; al-Qazwīnī 1969, pp. 183–184, 189; Ibn Ḥawqal 1872, pp. 66–67; Abū Zayd 1845, pp. 136–137; D. Abulafia 1987, pp. 462 ff.

12 Sulaymān al-Tājir 1811, pp. 14–21; Ibn Khurradādhbih 1889, pp. 28 ff., 61–64, 126–127, 153–154; al-Muqaddasī 1906, pp. 4, 6, 79, 91–92, 133–134, 426–427; al-Yaᶜqūbī 1892, pp. 335, 343–344; al-Qalqashandī n.d., vol. 3, p. 464, vol. 4, p. 258; al-Iṣṭakhrī 1870/1892, pp. 24, 28, 34, 79, 83–84, 93; al-Qazwīnī 1969, p. 77; Ibn Ḥawqal 1872, pp. 282, 290; Ibn al-Mujāwir 1951–1954, pp. 50–51, 139; al-Ṣayrafī 1811, pp. 61, 136–137; Ibn Rustah 1892, p. 179.

13 Abū Zayd 1845, pp. 136–137.

14 Ibn Khurradādhbih 1889, pp. 153–154; al-Muqaddasī 1906, p. 18; al-Iṣṭakhrī 1870/1892, pp. 36 ff.; also Nāṣir-i Khusraw 1881, p. 72; J. H. Kramers 1970, pp. 74–75; G. Hourani 1963, pp. 78–79.

15 Ibn Ḥawqal 1872, p. 61.

jective of various Muslim merchants coming from Iraq, the Arabian Peninsula, Syria, Egypt, and elsewhere within the *Dār al-Islām.*[16]

In addition to the rich gold lodes of east central and west Africa, prime targets of Muslim trade on that continent reportedly included textiles and clothing, dyes, papyrus, grains, donkeys, gemstones such as topazes and emeralds from Egypt;[17] and slaves, eunuchs, leopards, ivory, copper, mercury, lead, iron, silver, swords, shields, hand weapons and tools, furs, saddles, leather goods, and woolen clothes from elsewhere.[18]

16 Al-Bakrī n.d., p. 49.

17 Al-Muqaddasī 1906, p. 203; al-Yaᶜqūbī 1892, p. 349; al-Qazwīnī 1969, p. 262; Ibn Ḥawqal 1872, pp. 153–154; al-Thaᶜālabī 1908, pp. 420–421; al-Jāḥiẓ 1935, p. 27; G. Hourani 1963, p. 82; ᶜA.ᶜA. al-Dūrī 1974, p. 140.

18 Ibn Ḥawqal 1872, pp. 61 ff.; al-Jāḥiẓ 1935, p. 39; al-Yaᶜqūbī 1892, pp. 349 ff.; al-Iṣṭakhrī 1870/1892, p. 40; Ḥ. al-Miṣrī, 1982, p. 366; ᶜA ᶜA. al-Dūrī 1974, p. 141; N.Chittick 1970, p. 100.

Appendix D

The Islamic Doctrine of "Private Gain" in the Free Market

The market astuteness of the early medieval Muslim merchant, as suggested, was founded upon strong doctrinal underpinnings – as the intellectual contributions of Islam to contemporary commercial practice included a number of monumental treatises whose contents held great relevance in explaining then practiced economic theory and its pragmatic application.

Foremost amongst such works was Muḥammad b. Ḥassan al-Shaybānī's *Kitāb al-Iktisāb fī al-Rizq al-Mustatāb* – an abridgement of his much larger masterpiece, *Kitāb al-Kasb* ("Book of Earnings"), as preserved by his student, Ibn Samāᶜah – which opens with the forthright assertion:[1]

> Allāh has imposed the obligation of seeking a livelihood upon all believers.

While man's true purpose is to serve God, al-Shaybānī continues, he can only do so when he is properly fed and housed. This basic goal, in turn, can only be reached through productive earning. Indeed, for al-Shaybānī, earnings need not be limited to necessities, but may include luxuries as well – for all individuals need a tangible incentive (e.g. a "profit motive") to stimulate their actions.[2] He simultaneously emphasizes that private earnings – the pursuit of commerce and crafts – are more pleasing in the sight of God then are public sector earnings.[3]

This preferability of private to public sector endeavors is echoed by al-Jāḥiẓ in an insightful passage of his treatise: *Fī Madḥ al-Tujjār wa Dhamm ᶜAml al-Sulṭān,* wherein he stresses the virtues of preserving

1 Al-Shaybānī 1938, p. 14.
2 See al-Shaybānī 1938, pp. 16 ff., 79–82; see also S. D. Goitein 1968, pp. 222–224; idem. 1957, pp. 586–589; B. Lewis 1970a, pp. 87–88.
3 Al-Shaybānī 1938, pp. 16 ff. passim, and p. 17 in particular.

the independence of private merchants over the sycophancy of government officials.[4]

The merits of private sector livelihoods – of which, commerce was deemed to be the most noble – are also lauded by the 5th/11th century Arab economic theoretician Abū al-Faḍl al-Dimashqī. After defining the functions of what he specifies as the three basic categories of merchants – traveling pedlar (*al-rakkāḍ*), wholesaler (*al-khazzān*), and exporter (*al-mujahhiz*) – he describes techniques for optimizing private profit opportunities in the competitive marketplace, with how a merchant accumulates capital through profits his particular concern.[5]

Al-Dimashqī's commitment to the merits of earning just profit to accrue personal gain is echoed by the economic historian Ibn Khaldūn.[6] Indeed, in *Al-Muqaddimah,* the prolegomenon to his great history, *Kitāb al-ᶜIbar wa al-Mubtadā wa al-Khabar,* he defines three separate concepts integral to the pursuit of a productive livelihood:

– *rizq,* that income which an individual must acquire just to sustain himself;
– *maᶜāsh,* the prime means whereby an individual earns his livelihood. The four sanctioned means to productive livelihood, he stipulates, in turn, are the basic crafts of rulership (*imārah*), trade (*tijārah*), agriculture (*filāḥah*), and industry (*ṣinā ᶜah*); and
– *kasb*, income earnings which may extend beyond the needs of mere subsistence to become *makāsib,* capital gains, which may then be used for reinvestment purposes.

It is reinvestible income, *makāsib,* Ibn Khaldūn continues, that is the lifeblood of free market enterprise – and these capital gains, which result from competitive marketplace earnings, are the ultimate objective of trade. To wit:[7]

> Commerce means increasing one's capital by buying merchandise and attempting to resell it at a price higher than its purchase price – either by waiting for market fluctuations or by transporting the merchandise to a country wherein it is in great demand and thereby can bring higher prices;

4 See al-Jāḥiẓ 1906, p. 155; idem. 1972, p. 142; B. Lewis 1970a, pp. 87–88.
5 Abū al-Faḍl al-Dimashqī 1977, pp. 60, 80–82; see also pp. 19, 53 ff., 59–61, 64–78, 80–92, passim; C. Cahen 1962, pp. 160 ff.; A. Sayous 1931, pp. 577–580; M. Rodinson 1970, pp. 24–25; N. Stillman 1975, pp. 19, 27.
6 Ibn Khaldūn 1978, chapter 5, pp. 380 ff.
7 Ibn Khaldūn 1978, chapter 5:15, p. 399.

> or by selling it at a higher price to be paid at a later date (e.g. on credit). The profit then is small in relation to the invested capital. However, when the capital is large, profit becomes great, because many times a little is much.

Still other medieval Arab treatises – among them Shihāb al-Dīn al-Duljī's *Kitāb al-Falākah wa al-Maflūkūn*, the *Iḥyā' ᶜUlūm al-Dīn* of al-Ghazālī, and Abū ᶜUbayd's *Kitāb al-Amwāl* offer similar advice on how to manipulate "supply and demand," and hence commodity price, to optimal advantage – counsel that reflected contemporary market concerns.

For the medieval Muslim commercial milieu, as this inquiry has demonstrated, was populated by merchants and financiers driven by their intense motivations for personal financial gain – chief among them:

- a keen desire to succeed in private sector undertakings; and to that end,
- to maximize profits earned to accumulate "surplus capital;" and then,
- to productively reinvest that surplus capital in still other profitable business ventures.

The corporate mechanisms employed to facilitate such private sector investments, and underlying doctrinal issues related thereto, are detailed in Chapter 3.2.

Appendix E

The Early Evolutions of the "*Muḍārabah*" and "*Mukhāṭarah*" Contracts

The widespread "Pax Arabica" created by the early Islamic conquests, and the vast trade expansion that attended it, soon also generated the need for a wide variety of creative business contractual instruments. Several prominent prototypes merit special contemplation.

Among them, very soon after the spread of Islam, the *muḍārabah*– whereby merchants pooled capital to engage in commercial activities – came to be institutionalized as a foremost instrument of commercial and industrial finance. Indeed, an oft-related early prophetic tradition held that:[1]

> The Messenger of God . . . was sent at a time when the people were using *muḍārabah* contracts in their trade dealings and he confirmed them in this practice.

Reflecting this contract's tie to a precious metals-denominated economy, the 2nd/8th century Muslim jurist Muḥammad b. Ḥasan al-Shaybānī, citing Abū Ḥanīfah, stresses its capital-intensiveness, asserting that it operated on a "cash basis:"[2]

> One can only have a *muḍārabah* employing *dīnārs* and *dirhams*. It cannot based upon anything except these, nor with any other items that are measured or weighed, or any type of merchandise.

Al-Sarakhsī, after noting that the *muḍārabah* contract was also known as the *qirāḍ* and the *muqāraḍah,* attests to its 1st/7th century provenance and use:[3]

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1 Al-Sarakhsī 1986, vol. 22, p. 19.
2 Al-Shaybānī n.d., fol. 43
3 Al-Sarakhsī 1986, vol. 22, p. 18.

> The people of al-Madīnah called this contract *muqāraḍah,* and this attribution is based on a tradition regarding (the caliph) ᶜUthmān who committed a sum of funds to a man in the form of a *muqāraḍah. . . .*"
> This derives from the word *al-qarḍ,* which means cutting. For in this contract, the investor cuts off disposal of this sum of money from his own use. It is designated by the [passive participle] denoting "cut off thing" (*muqāraḍah*).
> "But the first term, *muḍārabah,* is preferable because it conforms to that which is found in the 'Book of God.'"

Al-Sarakhsī further contends that the *muḍārabah* contract rose to prominence in direct response to contemporary market demand:[4]

> The *muḍārabah* is authorized because of the popular need for such contracts. For the possessor of capital may not always find it possible to engage in profitable trade activity, and those who can engage in it may not possess the capital. Yet profit cannot be obtained except by both capital and trading. Through this contract, both objectives are attained.

Indicative of this market demand, Muḥammad's wife, Khadījah, and his caliphal successors, ᶜUmar and ᶜUthmān, as well as his uncle, ᶜAbbās b. ᶜAbd al-Muṭallib, were reportedly all early parties to such contracts.

Using this contract at a slightly later date, Arab sources note, trade finance was arranged between ᶜAbd Allāh b. ᶜUmar and Ibn Sibbāᶜ in the sum of 2,000 *dirhams*; between Muḥammad b. al-Munkadir and ᶜĀmir b. ᶜAbd Allāh for 5,000 *dīnārs*; between Ibn Qaṭan and Ibn Wābiṣah al-Makhzūmī for 1,000 *dīnārs*; and between the latter and Hamzah b. ᶜAbd Allāh b. al-Zubayr likewise for 1,000 *dīnārs*.[5]

Islam's ban on interest-bearing capital transactions precipitated the fundamental need for other creative financial instruments as well. Both the Jews of al-Ṭā'if and its most prominent Arab tribe, the banū Thaqīf, are portrayed by medieval sources as amongst the most pernicious purveyors of "usury" – with al-Balādhurī labeling the people of al-Ṭā'if: "masters of usury."

Al-Baghdādī singles out one Uḥayḥah b. al-Jullah as a flagrant practitioner of usurious techniques. But clearly, he was not alone, as other Qurashī merchants – including such local luminaries as the Prophet's uncle ᶜAbbās b. ᶜAbd al-Muṭṭalib, the future caliph ᶜUthmān b. ᶜAffān,

4 Al-Sarakhsī 1986, vol. 22, p. 19.
5 See al-Balādhurī 1978, p. 75; al-Baghdādī 1928, p. 337; al-Wāḥidī 1968, p. 59.

and the famed Muslim general Khālid b. al-Walīd – likewise were reportedly engaged in such pursuits.[6]

These capital fructification practices thus set their roots in pre-Islamic times. ᶜAbbās b. ᶜAbd al-Muṭṭalib and a business partner from the banū al-Mughīrah, for instance, owned a banking enterprise that specialized in making interest-bearing loans that financed the commercial activities of the Thaqīf. He also was reportedly engaged in a similar small loan venture with the aforesaid military leader Khālid b. al-Walīd.

Indeed, the fact that there was a widely perceived compelling need to ban interest at this time is, in itself, highly indicative of its widespread utility in underwriting the vibrant commercial activity of the era – a reality borne out by the testimony of a variety of Arab sources.[7]

A prime reason for this sustained vitality, it appears, was that a parallel contract, the *mukhāṭarah,* concomitantly came into broad use also to avoid the appearance of capital fructification in lending. This device functioned not unlike the modern "zero coupon bond," but it was, in essence, a "double sales contract" involving commodities as well as cash *(bayᶜatayn fī al-bayᶜah).*

Soon after the prophet Muḥammad's ban of usury, it seems, this contract became extensively employed for engaging capital debt without the creating illusion of interest-bearing transactions. Its operation was rudimentary. If a person proposed to contract a loan of 800 dirhams, to be repaid with 1,000 *dirhams* within the year, that act would result in capital augmentation and thus contravene the *de jure* religious prescription.

But if the lender were instead to sell to the would-be borrower a camel for 1,000 *dirhams,* secured by a promissory note calling for payment within a year – then immediately repurchased the camel for 800 *dirhams* in cash – this dual transaction was deemed to be legal, yet still accomplished the objectives of each contracting party.

For the borrower was provided with his needed 800 *dirhams*. The camel's owner regained his animal, and was now also due to receive a full rebate on its 800 *dirham* purchase price, plus a 200 *dirham* premium, within the year. But he had not illicitly lent at interest. He had merely

6 See sources cited in the preceding footnote. "Masters of usury" in the Arabic = *aṣḥāb al-ribā."*

7 Sources cited in the preceding footnote.

"bought and sold." In this sense, then, the early Muslim merchants did not want for extremely creative commercial contracts.[8]

8 On this, see J. Schacht 1964, pp. 79 ff.; M. Rodinson 1978, pp. 36 ff. Later, official Church proceedings would condemn the "grievous error whereby the '*contractus mohatra licitus est.*'"

Appendix F

Principal Trade Routes of the Rādhānite Jews

The Rādhānite Jews appear to have enjoyed a wide dispersion of market outlets throughout the entire Islamic world – with both Ibn al-Faqīh and Ibn Khurradādhbih describing their wide-ranging, transcontinental mercantile activities. The latter, who claims that they were multilingual – fluent in Arabic, Persian, "Roman" (Latin and Greek), Frankish dialects, Spanish, and Slavic, asserts that there were four primary East-West trade routes that the Rādhānites pursued:[1]

– By ship from the Frankish kingdom to al-Faramā' on the Nile Delta; again by ship to al-Qulzum, near the present city of Suez; then via al-Jār, the port of Makkah, and on to Sind, India, and China;
– By ship from the Frankish kingdom to Antioch, then overland to the Euphrates, and down that river to Baghdad; then down the Tigris to al-Baṣrah, thence again by ship to Oman, India, and China;
– By ship from al-Andalus or France to Morocco, and onward by way of Tangier and North Africa to Cairo; thence overland via al-Ramlah, Damascus, al-Kūfah, Baghdad, and al-Baṣrah; across Persia, Kirmān, Sind, and India, reaching China; and
– Setting out from Byzantium overland across the Slavic countries, through the Khazar Khānate; by ship across the Caspian Sea; then to Balkh and Transoxiana, before reaching "Tughuzghur" lands, finally reaching China.

1 Ibn Khurradādhbih 1889, pp. 114, 153–154.

Appendix G

A Compendium of Major Early Islamic Naval Engagements: 25/645–291/904

Medieval Arab Naval Activity in the Mediterranean Sea,

1st/7th–3rd/9th Centuries, as Reflected in the Medieval Sources

70 Year Period: 25/645–97/715

(N.B.: B.A.S = *Bibliotheca Arabo-Sicula* [Leipzig, 1857])

Year:	*Engagement:*	*Primary Source Mention:*
25/645	Byzantine navy fails to retake Alexandria	*cited by Pirenne
28/648	1st Muslim naval raid on Cyprus	Al-Ṭabarī 1879–1901, vol. 1, pp. 2218–2226; al-Balādhurī 1866, pp. 152–154; Ibn al-Athīr 1851–1856, vol. 3, pp. 73–75; al-Suyūṭī 1887, p. 60; Ibn Taghrī Birdī 1929–1972, vol. 1, pp. 84–85; al-Maqrīzī 1853, vol. 2, p. 190; Theophanes 1858, vol. 1, pp. 343 ff.
29/649	Muslim raid on the Isle of Arados	Agapius of Manbij 1901, vol. 8, p. 480; Dionysius 1895, p. 7; Michael the Syrian 1868, p. 268; Constantine VII Porphyrogenitos 1840, ch. 20; Theophanes, vol. 1, p. 82, n. 2
31/651	1st Muslim naval raid on Cyprus	*cited by Pirenne; cited in M. Amari 1933, vol. 1, p. 94; J. Bury 1899, vol. 2, p. 297; A. Vasiliev 1935, vol. 1, pp. 62–63; L. Caetani 1912, vol. 1, p. 340

Year:	*Engagement:*	*Primary Source Mention:*
33/653	2nd Muslim raid on Cyprus	Al-Ṭabarī, vol. 1, pp. 2907, 2926; al-Balādhurī, p. 153; Ibn al-Athīr, vol. 3, p. 73; Ibn Taghrī Birdī, vol. 1, pp. 84–85; Theophanes, vol. 1, p. 345
33/653	Muslim naval raids on Isle of Rhodes and Crete	Michael the Syrian, p. 238; Theophanes, vol. 1, p. 345; Constantine VII Porphyrogenitos, chs. 20–21
34/654	Famed Muslim "Battle of the Masts" vs. the Byzantines off Egyptian coast just opposite Alexandria	Al-Ṭabarī, vol. 1, pp. 2865–2870; al-Balādhurī 1936, vol. 5, p. 50; Ibn Taghrī Bird, vol. 1, p. 80; Ibn ^{c}Abd al-Ḥakam 1922, pp. 190–191; al-Maqrīzī, vol. 1, p. 169; al-Kindī 1912, p. 13; Theophanes, vol. 1, pp. 345–346, vol. 2, p. 290; Michael the Syrian, pp 239–240
34/654	1st Muslim naval raid on North Africa	Ibn ^{c}Abd al-Ḥakam, pp. 192–194
40/660	2nd Muslim naval raid on North Africa	Ibn ^{c}Abd al-Ḥakam, pp. 192–194
43/663	1st Muslim naval expedition against Constantinople	Al-Ṭabarī, vol. 2, pp. 27, 67; Ibn Taghrī Birdī, vol. 1, pp. 125–126; Ibn Khaldūn 1867, vol. 3, p. 9; al-Ya^{c}qūbī 1883, vol. 2, p. 285; Agapius of Manbij, vol. 8, p. 491
44/664	Muslim raid on the Island of Qaswarah, off Sicily	Al-Bakrī (B.A.S.), p. 13; Ibn Khaldūn, vol. 4, p. 201; Yāqūt 1866–1873, vol. 4, p. 201
44/664	2nd Muslim raid on Sicily	Al-Balādhurī, p. 235; Ibn Khaldūn, vol. 1, p. 211; al-Bakrī, pp. 209–211; Ibn ^{c}Idhārī 1848–1851 vol. 1, p. 11; al-Nuwayrī (B.A.S.), p. 425; Theophanes, vol. 1, p. 235; cited in M. Amari, vol. 1, pp. 215–222; A. Vasiliev, vol. 1, p. 63

Year:	*Engagement:*	*Primary Source Mention:*
49/669	2nd Muslim naval expedition against Constantinople	Al-Ṭabarī, vol. 2, pp. 86–87, 111; Ibn al-Athīr, vol. 3, pp. 383, 392; Ibn Taghrī Birdī, vol. 1, pp. 137–138; Ibn Khaldūn, vol. 1, p. 211; al-Ya^{c}qūbī, vol. 2, pp. 271, 285; al-Iṣfahānī 1868, vol. 16, p. 33; Agapius of Manbij, vol. 8, p. 488; Theophanes, vol. 1, pp. 348 ff.
50/670	3rd Muslim naval raid on North Africa	Ibn ^{c}Abd al-Ḥakam, pp. 192–194; Ibn Taghrī Birdī, vol. 1, pp. 139 ff.
53/673–60/680	1st Muslim naval siege of Constantinople	Al-Ṭabarī, vol. 2, pp. 157,163; al-Balādhurī, pp. 233–236; Ibn Taghrī Birdī, vol. 1, p. 144; Ibn al-Athīr, vol. 3, pp. 409–410, 413; Ibn Khaldūn, vol. 3, p. 18; Ibn al-Baṭrīq 1905–1909, vol. 7, p. 38; Theophanes, vol. 1, pp. 353–354
53/673	Muslim conquest of Rhodes	Al-Ṭabarī, vol. 2, p. 157; al-Balādhurī, pp. 235–236; Ibn Taghrī Birdī, vol. 1, p. 144; Ibn al-Athīr, vol. 3, p. 410
54/674–59/679	Muslim naval harassment of Crete (five incidents)	Al-Ṭabarī, vol. 2, pp. 157, 163, 171, 173, 180, 188, 197; Ibn Khaldūn, vol. 3, p. 318; al-Ya^{c}qūbī, vol. 2, pp. 285–286; al-Balādhurī, pp. 235–236
78/697–79/698	Muslim naval conquest of Carthage (Tunis) and other parts of North Africa	Al-Balādhurī, p. 229; al-Bakrī 1911, pp. 31, 37–38; Ibn ^{c}Idhārī, vol. 1, pp. 17 ff.; Ibn Taghrī Birdī, vol. 1, pp. 200–201; al-Ya^{c}qūbī, vol. 2, pp. 331 ff.; al-Kindī, pp. 52–53; Ibn ^{c}Abd al-Ḥakam, pp. 200–203
80/699	Muslim occupation of the Island of al-Qaswarah	Al-Bakrī (B.A.S.), p. 13; cited in M. Amari, vol. 1, pp. 290–291; A.Vasiliev, vol. 1, p. 63
80/699	3rd Muslim raid on Sicily	Ibn Taghrī Birdī, vol. 1, p. 200
84/703	1st Muslim raid on Sardinia	Ibn ^{c}Abd al-Ḥakam, pp. 209–210; Ibn Qutaybah 1904, vol. 2, pp. 110–111; cited in M. Amari, vol. 1, pp. 292 ff.

Year:	*Engagement:*	*Primary Source Mention:*
85/704	3rd Muslim raid on Sicily	Ibn Qutaybah, p. 164; Ibn Abī Dīnār (B.A.S.), p. 626; Ibn Shibbāt (B.A.S.), p. 211; cited in J. Bury, vol. 2, p. 26
86/705	4th Muslim raid on Sicily	Ibn ᶜIdhārī, vol. 1, p. 27; Ibn Qutaybah, vol. 2, p. 111; cited in M. Amari, vol. 1, p. 295
89/708	2nd Muslim raid on Sardinia	Ibn Qutaybah, vol. 2, p. 112
92/710	3rd Muslim raid on Sardinia	Ibn Taghrī Birdī, vol. 1, p. 225; Ibn ᶜAbd al-Ḥakam, p. 209; cited in M. Amari, vol. 1, p. 295
96/714	Muslims raid Corsica	* cited by Pirenne
Total:		**26**

Year 97/715: Pirennean Watershed for Trade

Medieval Arab Naval Activity in the Mediterranean Sea, 1st/7th–3rd/9th Centuries, as Reflected in the Medieval Sources

70 Year Period: 97/715–169/785

Year:	*Engagement:*	*Primary Source Mention:*
99/717–100/718	2nd Muslim siege of Constantinople by Islamic navy	vol. 1, p. 235; Ibn ᶜAbd al-Ḥakam, p. 119; Theophanes, vol. 1, pp. 384 ff., 397 ff.
102/720	5th Muslim raid on Sicily	Ibn ᶜIdhārī (B.A.S.), p. 354; al-Nuwayrī (B.A.S.), p. 426; cited in M. Amari, vol. 1, p. 296
102/720	Muslims capture Narbonne	*cited by Pirenne
108/726	4th Muslim raid on Cyprus	Al-Ṭabarī, vol. 2, p. 1487; Ibn Taghrī Birdī, vol. 1, p. 261; Theophanes, p. 404

Year:	*Engagement:*	*Primary Source Mention:*
109/727–116/734	Muslim naval harassment of Sicily (seven incidents)	Al-Yaᶜqūbī, vol. 2, p. 382; Ibn Taghrī Birdī, vol. 1, pp. 245, 266, 275; Ibn ᶜAbd al-Ḥakam, vol. 1, pp. 215–218; Ibn al-Athīr (B.A.S), 217–218; al-Nuwayrī (B.A.S.), pp. 217–218; al-Maqrīzī (B.A.S), pp. 661–662
114/732	4th Muslim raid on Sardinia	Al-Maqrīzī (B.A.S.), p. 662; cited in M. Amari, vol. 1, p. 298
117/735	5th Muslim raid on Sardinia	cited in M. Amari, vol. 1, p. 299
117/735	Muslims capture Arles	*cited by Pirenne
119/937	6th Muslim raid on Sardinia	Ibn Taghrī Birdī, cited in M. Amari, 1933, vol. 1, p. 299
119/737	Muslims seize Avignon	*cited by Pirenne
121/739	Muslims invade Provence	*cited by Pirenne
122/740	6th Muslim raid on Sicily	A. Vasiliev, vol. 1, p. 64
125/743	5th Muslim raid on Cyprus	Al-Ṭabarī vol. 2, p. 1769; al-Balādhurī, p. 154; Theophanes, p. 417
129/747	6th Muslim raid on Cyprus	Theophanes, p. 424; also cited in L. Caetani, pp. 744–745
135/752	7th Muslim raid on Sicily and Sardinia	Ibn al-Athīr (B.A.S.), pp. 217, 220; Ibn ᶜIdhārī, vol. 1, p. 49; idem. (B.A.S.), p. 354; al-Nuwayrī (B.A.S.), p. 426; cited in M. Amari, vol. 1, p. 301; A. Vasiliev, vol. 1, pp. 63–64; J. Bury, p. 295
151/768	Muslim port incursion at Marseilles	*cited by Pirenne
157/773	7th Muslim raid on Cyprus	Al-Balādhurī, p. 155
Total:		**17**

Medieval Arab Naval Activity in the Mediterranean Sea, 1st/7th–3rd/9th Centuries, as Reflected in the Medieval Sources

Subsequent 119 Year Period: 169/785–291/904

Year:	*Engagement:*	*Primary Source Mention:*
172/788	Muslims attack Italian littoral	*cited by Pirenne
174/790	8th Muslim raid on Cyprus	Theophanes, p. 465
177/793	Muslims attack on Septimania	*cited by Pirenne
183/799	Muslims pillage Acquitaine	*cited by Pirenne
190/806–191/807	9th Muslim raid on Cyprus	Al-Ṭabarī, vol. 3, pp. 709–711; al-Balādhurī, p. 154
197/813	Muslim pirates raid Nice	*cited by Pirenne
212/827	Muslim invasion of Crete	Ibn al-Athīr, vol. 6, p. 235; Ibn Khaldūn (B.A.S), p. 466; al-Nuwayrī (B.A.S.), p. 427; cited in A. Vasiliev, vol. 1, pp. 59, 67
214/829	Muslims of Crete harass surrounding islands	cited in A. Vasiliev, vol. 1, pp. 57–61; J. Bury, p. 290
223/838	Muslim pirates raid Marseilles	*cited by Pirenne
256/870	Muslim attack on Salerno	*cited in M. Amari, vol. 1, p. 321
227/842	3rd Muslim armed naval expedition to Constantinople	Al-Buḥturī 1882, pp. 257–257; *Continuer of George Monachus,* cited in J. Bury, p. 274
232/847	Muslim naval harassment of west Italian littoral, off Rome	* *Le Liber Pontificalis* 1955, vol. 2, pp. 99, 117–119; cited in M. Amari, vol. 1, p. 364
233/848	Muslim fleet captures Marseilles	*cited by Pirenne
246/860	Muslim fleet again raids Provence	*cited by Pirenne
248/862	Muslims of Crete harass Asia Minor	*cited in J. Bury, p. 293

Year:	*Engagement:*	*Primary Source Mention:*
252/866	Muslims of Crete attack Isle of Neoi	*cited in A. Vasiliev, vol. 1, p. 260; J. Bury, p. 294
291/904	3rd Muslim naval siege of Constantinople	Al-Ṭabarī vol. 3, pp. 2250 ff.; Ibn al-Athīr, vol. 7, pp. 368–369; Ibn Khaldūn, vol. 3, p. 357; al-Kindī, p. 245; George Monachus, pp. 854–866
291/904	Muslim raid on Greek Thessalonica	Al-Ṭabarī, vol. 3, p. 2250; Ibn al-Athīr, vol. 7, pp. 368–369; Ibn Khaldūn, vol. 3, p. 357; ᶜArīb b. Saᶜd 1885, p. 6
Total		**18**
Grand Total		**61**

– Total Muslim naval engagements in 259 year period analyzed by Pirenne: 61
– Average annual rate of engagement: 1:4.2 = one every 4.2 years

Appendix H

Imperatives of Trade and the Transformation of Europe

As the analysis of the preceding chapters has demonstrated, Western Europe and its lands were not unknown to medieval Muslims. As it has likewise shown, just as it is wrong to claim that the early medieval Muslims actively conspired to embargo the ongoing commerce of contemporary Christian Europe, so it is equally erroneous to contend that trade between East and West ceased in this era.

For a mercantile exchange in a variety of commodities continued briskly, though the ethnic mix of the classes of professional merchants that serviced it may very well have shifted. To perceive the full nature and extent of this multilateral trade between the *Dār al-Islām* and regions of Western Europe, then, it becomes useful to examine residual evidence of its composition and volume as well as the nature of those intermediaries through whom it was transacted.

The strategic resource factors that shaped the dynamic of Islamic economic policy are critical to understanding the direction and flow of early medieval Muslim trade. For though the Islamic Empire covered a vast expanse of territories that were rich in a broad variety of natural raw materials, both its political and economic well-beings hinged precariously upon the availabilities of several critical resources – slaves for energy, timber for shipbuilding, and steel for weaponry being chief among them. In certain ways, western and central Europe were uniquely qualified to meet many of these key commercial needs.[1]

1 These products, far more than the "oriental luxury goods," were the most important components of this contemporary trade flow. They were also the most lucrative, inasmuch as the greatest profits were likely to be made there – as they represented the greatest volume of commerce – given that goods of higher cost were also more infrequent.

For the medieval Muslim world was, to a large extent, a civilization powered by involuntary servitude. Its manual labor force and, even at times, significant parts of its military, consisted predominantly of slaves.

Nonetheless, there were, by doctrinal definition, no slaves indigenous within the *Dār al-Islām* – as after the initial Arab conquests, its empire became comprised of Muslims and tax-paying non-Muslims (*dhimmīs*), classes of citizens who could not legally be reduced to slavery. Therefore, an vibrant external slave traffic was vital to provide the energy required for the success-ful functioning of Islamic industry.[2]

There were three principal regions from whence such slaves were obtained – *bilād al-Ṣaqālibah* ("land of the Slavs") in central Europe; *bilād al-Atrāk* ("land of the Turks") in central Asia; and *bilād al-Sudān* ("land of the Blacks") in eastern and central Africa.

The sources make clear that throughout the early Middle Ages, slaves from northwest and central Europe were in high demand in the Muslim East, and trade involving them was then directly in the control of western merchants, as Maurice Lombard asserts:[3]

> The slave trade with the West was largely in the hands of "Frankish" and particularly Jewish merchants from the Upper Danube and Rhine, and also merchants from the Meuse-o-Saône–Rhône corridor. From Bohemia, where Prague was a major castration center, the slaves went on to Regensburg.
>
> In the other direction, they were dispatched from these Germanic markets on the Elbe and Saale rivers to Verdun, a massive slave trading and castration center, then via the Saône and the Rhône to Lyon.
>
> The presence of Rādhānite Jewish merchants at Lyons is clearly vouched for by Ibn Khurradādhbih writing in 847, and by pamphlets of the Bishop of Lyons, Agobard, who died in 840. From Lyons, the slaves moved onward to Arles and Narbonne, whence they were taken to Spain or exported by sea directly to Egypt and Syria.
>
> In the south, Venice was the hub of the slave trade. The Slavic slaves from the Upper Danube and from the Rhineland via the Alpine passes, together with those captured nearer, in the eastern Alps, Istria, or Dalmatia, were all collected in Venice.
>
> From there, they were exported by Venetian sailors to the ports of the Mediterranean Levant and constituted a very profitable trade which increased the revenues that Venice already drew from smuggling timber and arms. It was an enormous trade and brought in large profits.

2 On this point, see C. Cahen 1977e, p. 343; B. Lewis 1982, p. 188.

3 M. Lombard 1975, p. 198; see also R. S. Lopez 1986, pp. 144–145; B. Lewis 1982, pp. 188–189.

Forest reserves were similarly very scarce in the Muslim world – being limited primarily to some scattered wooded patches in a narrow region commencing at the southern shores of the Caspian and extending south to the mountainous regions of the Levant. There were likewise isolated bits of forest in Sicily, al-Maghrib, and al-Andalus.

The closest major concentrations of wood resources so vital to maintaining the Muslim military and commercial fleets, however, were located on the northern coast of the Mediterranean, in the mountains of Western Europe, as well as in certain other areas regions, such as the Balkans, within the Byzantine Empire.

Wood and its byproducts were extremely important to the economy of the *Dār al-Islām* for several reasons. In addition to its indispensable role in building Arab naval and maritime fleets, it likewise was used for precious metals refining, building construction, and furniture manufacture, as well as a fuel feedstock in the various manufacturing processes involving the production of metals, glass, sugar, and other crucial commodities.[4]

To fill demands for this resource that could not readily be met with indigenous supply, the Muslims were thus compelled to engage in various forms of timber trade. Logs could be acquired from the Levant and Central Asia, for instance, and then floated down the Tigris to Baghdad. Yet another important source of wood was Christian Europe, which sent timber from the Apennines, Alps, Istria, and Damaltia, by means of Venetian and Amalfitan maritime merchants, to the primary central "lumber depot" (*sāḥil al-khashabāt*) in Baghdad.[5]

The Muslim world likewise suffered from a relative paucity of certain vital metal and mineral resources. One critical base metal needed from external sources was *iron* to make its weaponry. Internally, only very scattered deposits of iron were available to it on the Arabian Peninsula, Lebanon, North Africa, and Muslim Spain. Western Europe, on the other hand, was rich in iron ore deposits, particularly in the northeast Alps regions of Tyrol and Styria, which, at the time, were extremely active centers of arms manufacture.

Accordingly, the "Frankish sword" (*al-sayf al-ifranjī*) and "Genoese shield" (*al-turs al-janawī*) had become well known in the Arab East – being imported from Spain and the Slavic regions by Rādhānite

4 M. Lombard 1975, p. 174.
5 M. Lombard 1975, p. 175; R.S. Lopez 1987, vol. 2, p. 262.

Jewish merchants, as well as from the Mediterranean basin via Italian traders.[6]

Hence, in theory, the *Dār al-Islām* and Christian Europe shared a significant commonality of commercial and economic interests. For each of the three critical strategic commodities that the Muslims sought through foreign trade to power and protect their empire – slaves, timber, and base metals – the Europeans had in abundance. Speaking precisely to this point, R.S. Lopez observes: [7]

> The export of certain raw materials such as timber, iron, copper, tin, and pitch must have been much more frequent that the extant references might lead one to think. Such trade does not enjoy the same human interest as the trade in men. Yet it was equally important to the Byzantines, who had no tin and little iron, and for the Muslims who had very little of any of these goods.
>
> Without the shipbuilding materials that they received from the Venetians and other European merchants, the Aghlabids and the Fāṭimids could hardly have maintained the large fleets which gave them, at critical times, control of the sea; nor would the importing of Scandinavian and Indian swords have fully made up for the scarcity of iron mined in the Muslim world had Islamic arms-makers not used iron obtained from Catholic Europe.
>
> Yet it was the trade in iron, timber, and slaves that gave the Venetians the capital that they needed for building larger and better ships, with which they wrestled from the Muslims mastery of the sea. Hence, trade with the enemy, then as now, was clearly a double-edged sword.

A unique reciprocity of commercial supply and demand interests thus existed between the Muslim East and the Christian West – and a very vibrant, uninterrupted bilateral trade appears to have developed as a result, as Chapter 5.3 makes clear.

6 See Ibn Khurradādbih 1889, pp. 153 ff.; M. Lombard 1975, pp. 180–181; R.S. Lopez 1986, pp. 143–144; C. Cahen 1983, pp. 133, 176; *Cambridge Economic History of Europe*, vol. 2, p. 262.

7 R.S. Lopez 1986, pp. 146, 315; H. Trevor-Roper 1965, pp. 90–92.

Appendix I

Reflections on the Derivation and Use of the "Mancus"

The origins, derivation, and specific medieval usage of the medieval currency term "*mancus*," remain controversial and somewhat enigmatic. The 9th/15th century numismatic and economic historian al-Maqrīzī makes frequent reference to coin striking using the verb "*naqasha;*" for instance:"[1]

> *wa nuqisha bi-ahad al-wajhayn:'Muḥammad Rasūl Allāh';"* and:
> *wa kānat al-darāhim qabla dhālika manqūshah bi'l-fārisīyah.*

Al-Balādhurī, citing al-Wāqidī, asserts that the caliph ᶜAbd al-Malik b. Marwān was the first Muslim ruler to strike *al-danānir al-manqūshah*.[2]

It is instructive to note that the Latin terms *mancus/mancussi/mancoso/mancolo* began to appear in the medieval European chronicles midway through the 2nd/8th century and continued for several centuries thereafter. In 170/786, for instance, the penalty for non-payment specified by the Abbot of Farfa in a loan agreement with a private citizen was specified in *mancosos.* In 183/799, a citizen of Milano rented property from the same abbey for an annual payment denominated in *mancosos.*[3]

Indeed, a charter initially issued by Charlemagne, and subsequently reconfirmed by his son/successor, Louis the Pious on 11 Rabīᶜ II 200/19 November 815, likewise specified that upon the annual festival of St. Zerno of Verona, the abbey should pay an honorarium to the Bishop of Verona in *mancolos.*[4]

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1 Al-Maqrīzī 1967, pp. 9, 15.

2 Al-Balādhurī 1978, p. 453.

3 *Regesto di Farfa* 1879, vol. 2, pp. 119, 136. In the Latin:

> *"... vobis vel vestris successoribus auri solidos mancosos centum."*
> *"In auro aut in argento vel pannos valentes mancosos decem."*

4 F. Ughelli 1730, vol. 5, cols. 705–706; see also vol. 5, cols. 1097–1100. (For additional insights into the contemporary marketplace acceptance of the *mancus,* see

It thus appears that this Islamic derivative coin was accepted as legal tender even by officials of the Church. The Anglo-Saxon Archbishop Aelfric asserts, in fact, that its value was fixed at "30 pence," a ratio confirmed in the laws of King Henry I (d. 1135).[5]

It should be noted, however, that while the presumed derivation of the Latin/Italian *mancus* from the Arabic passive participle *manqūsh* has been accepted by such noted scholars as Reinhardt Dozy and Adrian de Longpèrier, other modern orientalists and Arabists tend to doubt this relationship.[6]

L. M. Hartmann 1908, pp. 28–32; idem. 1889, pp. 61–62, 91, 156–157; J. F. Böhmer and E. Mühlbacher 1908, no. 597; M. de Villard 1919, pp. 22–38; idem. 1920, pp. 169–232; idem. 1921, pp. 191–218, passim, and pp. 80–81, and p. 94 in particular; A. Blanchet 1942, pp. 36–38; P. Grierson 1979a, pp. 1070–1071.) In the Latin:

> "aut *mancolos* viginti aut quinquaginta *solidos* argenti."

5 Cf. Aelfric. "Legislation of Henry I," vol. 35, no. 1, passim; *The Ancient Laws and Institutions of England*, vol. 1, p. 358.

6 R. Dozy 1881, vol 2, p. 712; A. de Longpèrier 1844, pp. 291–293. (For other commentary on the *mancus,* see C. Cahen 1971, pp. 310–311; J. Akerman 1843, pp. 122–124; C. A. Homboe 1859, pp. 149–150; P. Grierson 1979a, passim; F. Himly 1955, pp. 49–51; J. Duplessy 1956, pp. 102–103; P. Beltran 1958, pp. 83–88; M. Bloch 1933, pp. 13 ff.; M. de Villard 1919, pp. 95–102; A. Lewis 1978, pp. 219, 234; G. Duby 1974, p. 143; *Cambridge Illustrated History of the Middle East* 1989, pp. 513–519.)

Appendix J

The Echoes of "Islamic Exegesis" in Early Christian Protestant Reformist Thought

Though the early Protestant reformers were likely not fully cognizant of most of the basic precepts of early Islamic doctrine, the commercial momentum that it had set in motion would later find clear echoes in the works of such free market religious pioneers as Martin Luther, John Calvin, and others who affirmed that that the quest for personal gain actually was fully consistent with the "salvation process" – as the medieval Muslims' intellectual contributions in economic doctrine would soon be paralleled by close analogues in the Christian Reformationist West.

The parallels are striking. Both dogmas, though austere and unyielding in their social mandates and strictures, and each deeply concerned about the religious implications of the vexing issue of "usury" (*ribā*), were nonetheless distinctly *laisṣez faire* in economic vision, particularly in their individual approaches to the role of "profit motive" in the quest to accumulate investable surplus capital to foster personal gain through commerce.

Indeed, as noted in Chapter 3.1-B, Muslim recognition of "profit motive" as an impelling force behind individual undertakings is evident in the early Islamic traditions. Among them, a poignant proverb attributed to the prophet Muḥammad held that profit motive was entirely consistent with religious doctrine:[1]

> If you make profit from what is permitted, it is like *jihād* ("Holy War"); and if you use it for your family, it is like *ṣadaqah* ("alms").

The Qur'ān concurrently makes clear, nonetheless, that not all temporal wealth will necessarily be distributed equally – and that some people may enjoy greater wealth than others – but that, regardless of one's economic status, it is desirable for an individual to put personally

1 See al-Tirmidhī 1873, vol. 1, p. 145; Zayd b. ᶜAlī 1919, nos. 539, 544.

owned property and surplus capital to its optimal productive use. To wit:

> In no way covet those possessions in which Allāh has bestowed His gifts more freely upon some of you than upon others; to men is allotted what they earn and to women what they earn. But ask of Allāh His bounty, for He has knowledge of all things (*Sūrat al-Nisā,, Āyah 32).*

Predicated upon such precepts, all firmly founded on the redeeming merits of trade, then, God makes his "capitalistic covenant" with His people:

> For those who read [(Allāh's] book, and invest that which We have provided, they will enjoy unfailing profit from commerce" (*Sūrat Fāṭir, Āyah 29).*

The pursuit of private profit motive, therefore, was unquestionably a powerful driving force in the early Islamic marketplace. Indeed, the Qur'ān enjoins Muslims to seek gain through an honorable livelihood:

> When the prayer is finished, then disperse you through land and seek out Allāh's great bounty (*Sūrat al-Jumuᶜah, Āyah 10)*;
> Man can have nothing except that for which he strives (*Sūrat al-Najm, Āyah 39)*; and
> Ask Allāh of His bounty, for Allāh hath full knowledge of all things (*Sūrat al-Nisā', Āyah 32).*

Such doctrinal sanctions, and their implied encouragement of personal gain through productive private enterprise, were likewise strongly supported in medieval Islamic exegetical literature. The seminal works of two very early Muslim scholars, in particular – Muḥammad b. Ḥassan al-Shaybānī's (d. 188/804) *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb* ("*Acquisition through an Agreeable Livelihood*"); and al-Jāḥiẓ's (d. 255/869) *Fī Madḥ al-Tujjār wa Dhamm ᶜAml al-Sulṭān* ("*In the Praise of Merchants and Condemnation of the Work of the Ruler*") – for example, leave little doubt that earnings won through private enterprise were contemporarily perceived to be more preferable in the eyes of God than those earned earned in public sector undertakings.

Indeed, al-Shaybānī prefaces his treatise with the emphatic assertion:[2]

> Seeking a livelihood is an obligation imposed upon every Muslim.

2 Al-Shaybānī 1938, p. 14.

Qur'ānic injunctions exhorting individuals to more productive enterprise were similarly powerfully supported by early prophetic traditions (*aḥādīth*), including:[3]

> To seek lawful gain is the duty of every Muslim;
> When you have finished your morning prayer, do not rest until you have earned your livelihood;
> The best of works is lawful gain;
> To seek lawful gain is *jihād;*
> Well-being is ten-parts: nine of them lie in seeking a livelihood; and
> The best of gain is from honorable trade and from a man's work with his own hands."

The merits of earning a livelihood specifically through commerce is emphatically underscored through similar *aḥādīth*:[4]

> Merchants are the messengers of this world as well as the trusted servants of Allāh on earth;
> The trustworthy merchant will sit within the shadow of Allāh's throne on Judgement Day;
> The honest and truthful merchant will stand with the martyrs on the Day of Judgement; and
> There are twenty kinds of livelihood, nineteen for the merchant and one for the craftsman.

In similar manner, the noted 5th/11th century juridical scholar, Abū al-Faḍl al-Dimashqī, in *Reference to Virtues of Commerce (Al-Ishārah ilā Maḥāsin al-Tijārah),* unequivocally asserts:[5]

> Were you to single commerce out of the many ways of making a living, you would find it most preferable and joyous.

The sources thus leave little doubt that the quest for trade-driven gain was to be amongst the foremost economic aspirations of devout Muslims. Precisely to these ends, in prescribing permissable techniques for the pursuit of profit through such commerce, al-Dimashqī continues:[6]

> For the conservation of wealth, five things are essential. *First,* you must give out no more than you take in – for when that happens, your property disappears, and none remains. . .

3 See al-Muttaqī al-Hindī 1894, vol. 1, pp. 193 ff.

4 Cf. al-Tirmidhī 1875, 12:4; Ibn Mājah 1895; 12:1 ("*tijārah*"); al-Dārimī 1919, 18:8; Aḥmad b. Ḥanbal 1895, vol. 3, p. 466; al-Ṭayālisī 1894, vol. 2, pp. 193 ff.

5 Al-Dimashqī 1977, p. 45.

6 Al-Dimashqī 1977, pp. 80–82.

> *Second,* expenditures must not equal income, but must be smaller so that a surplus remains. . . .
> *Third,* the conservation of wealth requires that you not undertake that for which you are not qualified; thereby you create conditions for the preservation of profits and capital. . . .
> *Fourth,* you should not invest your money in goods for which there is small demand, because consumers do not require them.
> *Fifth,* and finally, for conservation of wealth, you must be quick in selling merchandise, but not in selling real estate – even though the gain may be lower in the former and much higher in the latter.

Such early attempts at free market exegesis would culminate in the monumental treatises of the renowned 8^{th}–9^{th}/14^{th}–15^{th} century economic historian Ibn Khaldūn, whose cogent descriptions of the manifestations of medieval Arab "profit motive" are defined in concepts that can only be described as *laissez faire* in precept:[7]

> It should be known that commerce means the attempt to make profit by increasing capital, through buying goods at a low price and selling them at a high price, whether such goods consist of slaves, grains, animals, weapons, or cloth material. This accrued amount is called profit (*ribḥ*).
> Attempts to make profit may be best approached by first storing the goods and holding them until the market has fluctuated from low prices. This approach will bring large profits.
> Or the merchant may transport his products to some other country where they are in far greater demand than in his own where he bought them. This approach likewise will bring a large profit. Thus, a veteran merchant said to a person who wanted to learn the truth about commerce:
> "I will give it to you in two terms: buy cheap, sell high. That is commerce for you!"

The acknowledged father of Western capitalism, Adam Smith, has not described the basic human financial motivation so succinctly nor so well.

Yet these medieval Muslim scholars, some writing a half millennium and more before Smith, did not enjoy his benefit of ready recourse to free market theoretical antecedents. They were, instead, working from empirical observation based upon the operational dynamics of their own contemporary economies.

Contrast such forward economic thinking – addressed to the role of profit motive and surplus capital impelling commerce – with the didactic of the contemporary Christian Church which moralized that:

7 Ibn Khaldūn 1978, Chapter 5:9, pp. 394–395.

> A man shall not say: "I shall sell my wares as I can or please"; but rather: "I will sell my wares in a manner right and proper."

Indeed, the Church even denounced as "false principles of trade" those traditional capitalistic precepts that held that: [8]

1. A man may buy as cheap and sell as dear as he can; and
2. If a man lose by casualty of sea of some of his commodities; he may raise the prices of the rest

– instead substituting its own rules for commerce stipulating that:[9]

1. A man shall not sell above the current price;
2. When a man loses in a commodity for want of skill, he must bear it as his own fault or cross, and therefore must not lay it upon another; and
3. When a man loses by casualty of the sea, it is a loss cast upon him by Providence; and he may not ease himself of it by casting it upon another.

As a consequence, while the Church was laboriously teaching that "it is easier for a camel to pass through the eye of a needle than for a rich man to enter Heaven," and "you cannot serve God and mammon," Muslim caravans were carrying merchandise to the distant corners of Asia – and ships bearing their commodities ranged from Japan to the furthermost reaches of Africa.

Indeed, while the Church was preaching solace in St. Paul's famed admonition to Timothy:

> Having food and raiment, let us be content.
> For the love of money is the root of all evil;

– Muslim jurists were adroitly formulating new accommodations to their religion's ban on "usury" (*ribā*).

Small wonder, then, that the Islamic world now became the supreme economic power in the Middle Ages – presiding over an expansive new "common market"that stretched from China in the East to Morocco in the West – while Christian Europe sank into the morass of a deepening "Dark Age."[10]

For impelled by the entrepreneurial proclivities of their religion, the Muslims did create the premier commercial superpower of the Middle Ages – consolidating a land mass stretching from West Africa across the

8 R. Tawney 1960, pp. 94, 129–130.
9 R. Tawney 1960, p. 130.
10 P. Hitti 1970, p. 315.

Levant and Mesopotamia to the South China Sea into a "*Pax Islamica*" of unprecedented dimensions.

This consolidation, combined with the rich natural resources that their conquered provinces contained, thus afforded great capital liquidity to the embryonic Islamic state. It was not long, in fact, before the medieval Muslims' avid pursuit of profits in the course of developing their new territories led to the accumulation of massive fortunes in the hands of a wealthy Arab "landed gentry."

At the same time, their intellectual contributions – fostered and financed by the economic surplus that this accumulated wealth comprised – though generally less well known than those of the Greeks and Romans – were nonetheless equally as profound and impressive as those of their imperial predecessors. Indeed, theirs was a monumental and singularly unique achievement.

For unlike those predecessors, their greatest accomplishments had not initially flowed from a longstanding tradition of academic genius – as the early Arabs in pre-Islamic times were a peripatetic Bedouin people with no documented heritage of deeply-rooted intellectual pursuits.

It was only because of "social overhead capital," amassed through the avid pursuit of "private profit," that their sedentary populations gradually evolved – which, in turn, made systematic, scientific inquiry possible – and from it, "Arab genius" issued.

It was, in reality, the wealth produced by "private sector productivity" that now provided the financing that underwrote the private economic base that empowered the medieval Muslims to become pioneers of science and the contemporary masters of technological innovation. It was the "leisure time" made possible by such wealth that propelled Islamic civilization to its cultural apogee in the early Middle Ages.

For almost from the beginning, medieval Muslims developed an interest in the arts and sciences. The Qur'ān encouraged them to seek out learning wherever it could be found. This direct religious mandate – woven into the highly international character of Islamic society that emerged – soon became a principal stimulus impelling their empire to acquire a knowledge of bygone civilizations and to employ that knowledge to develop *contemporary* civilization.

Indeed it was Muslim scholars who preserved much of the Graeco-Roman science and philosophy during medieval Europe's prolonged intellectual darkness – in an era wherein, in the words of modern Near East historian Phillip Hitti, scholars at the royal courts of Arab rulers were delving into Roman, Greek, and Persian sciences, "whilst Charlemagne and his lords were dabble in the art of writing their own names." [11]

Because this was a remarkable transformation – a watershed in the application of doctrinal method unprecedented in human history, and still largely unknown to world of scholarship at large – it merits special contemplation. Suffice it here to say that the medieval Muslims now became primary catalysts for the rebirth of Christian Western Europe as imperial Rome's worthy successor – a civilization that regenerated rapidly in economic and cultural advance.

For with the sparks of renaissance first flickering in the city states of Italy – Venice, Genoa, Pisa, and Amalfi – the flames of productive enterprise soon spread throughout the northern basin and then upward into Western Europe in the course of the $5^{th}/11^{th}$ to $9^{th}/15^{th}$ centuries.

Trade now expanded along increasingly well developed commercial roots as well. Towns grew at key intersections – and within them, factories sprang up to meet the incipient needs of distant markets. Craftsmen simultaneously flocked in droves to newly established urban centers to capitalize upon the new economic opportunities that they afforded. A distinct diversification of industry also now evolved; as like Greece and Rome before it, Western Europe now became the "workshop of the late medieval world."[12]

This industrial resurgence, in turn, generated burgeoning "private economic surplus" – and with it, increased revenue-producing productive investment and the ability to sustain increasingly greater numbers of scientists, scholars, and artists who focused upon the acquisition of knowledge as well as aesthetic activities. The attendant revival of learning, and a renewed penchant for the arts after nearly half a millennium of being mired in the morass of "Dark Age indolence" thus precipitated Christian Europe's intellectual renaissance commencing midway through the $6^{th}/12^{th}$ century.[13]

This regeneration of profound thought in intellectually reborn Europe took on many forms, while manifesting itself across a broad spectrum of scholarly spheres that spanned a wide range of contemporary arts and sciences – in the philosophies of Thomas Aquinas, Erasmus, Machiavelli, Descartes, and John Locke; in the pioneering scientific

11 P. Hitti 1970, pp. 578 ff.

12 S. Clough 1951, pp. 167–169, 183.

13 Cited in R. Tawney 1960, p. 89; see also P. Kennedy 1987, p. 3.

methods of Roger Bacon and Leonardo da Vinci; in the astronomy of Galileo and the physics of Isaac Newton; in the poetry of Petrarch and Chaucer, the literature of Boccacio and Shakespeare, and the art of Michelangelo, Rafael, and Donatello.

Yet all of this great attainment would have been impossible but for the "leisure time" made possible by the restoration of "capital surplus" produced by "profit motive" engendered by the self-serving quest for personal gain – as the direct linkage between economic well-being and the production of art and literary masterpieces was again reestablished in late medieval Europe.

Indeed, by the end of the $10^{th}/16^{th}$ century, Christian Europe's renaissance was in full flower – stimulated, in no small part, by its ongoing contact with Islamic civilization. In 1492, in fact, the very year that Granada, the last Muslim principality of Spain, fell to the armies of Ferdinand and Isabella, a young explorer named Christopher Columbus, commissioned by those monarchs, discovered the Western Hemisphere.

Thus, the shape of an entirely new civilization gradually coalesced – a "profit-driven" society whose materialist *leit motif* holding that all things, including the quest for "Divine salvation," have their price – was proclaimed as a truism by none other than Columbus himself:[14]

> Gold constitutes treasure, and he who possesses it has all that he personally needs within this world, including the means of rescuing souls from Purgatory and restoring them to Paradise.

Yet this ideological evolution, like most processes of structural social change, had experienced a long gestation period. For commencing in the $5^{th}/11^{th}$ centuries, as demonstrated in this inquiry, the Italian city states, whose profit motivations were richly leavened by their exposures to the economically superior Near East, gradually introduced new business methods to facilitate widespread commercial and industrial development in Europe. Concurrently, a prevalent use of hard cash, deposit banking, bills of exchange, and credit instruments, long so prevalent in the medieval Islamic East, now appeared throughout the Christian West as well.

The Crusades, in turn, lent impetus to this process of cross-cultural commercial fertilization – as tapping into Islamic economic and technological knowledge through tiny apertures in the Levant, great socioeco-

14 S. Clough 1951, p. 166.

nomic contributions came to flow with mounting velocity into the West through ever-widening sluices in the civilizational divide.

Indeed, many of Europe’ new business techniques of trade now were directly borrowed from the Muslims. For contrary to the aforesaid common contention in orientalist scholarship that the rise of a “hostile Islamic power” on the Mediterranean had overwhelmingly disrupted commerce, and in that process, had cast southern Europe into its dismaly Dark Ages, the reality was that the Muslims thrived on trade – and that it was only the antagonism of Christian Europe to the rise of a rival religion so proximate to the domains of the Holy See that caused such slowing of trade as did occur.

By exchanging its goods with those of the Arab Levant, in fact, Western Europe now came to realize a level of economic prosperity never before achieved.With the rebirth of profit inspiration and the gradual emancipation of its reemerging merchant class from the commercial strictures of the Church, moreover, its economy now “took off” – and in this process, the basic “crucible of modern western capitalism” was formed in spectacular fashion – with an indomitable commercial spirit reigning triumphant over the feudalistic ethos that had characterized medieval civilization, as a mercantile society was now reborn.[15]

This was a monumental transformation. For of all of the many achievements of Western civilization, none have been quite so remarkable as those it has realized in its private economic sphere. Indeed, many factors have produced this economic evolution. An admixture of work ethic and the elevation of the desirability of productive output have characterized its rise. The resulting economic growth that has issued in its wake likewise has brought with it buoyant financial dimensions that have become both infectious and self-generating.

The overarching factor underlying these developments, of course, has been the insatiable human desire for material acquisition – the economic engine of “profit motive”generating the capital surplus that empowers civilizations to progress. For given ample surplus capital, the desire for further capital gain has unfailingly welded labor, raw materials, technical knowledge, and market demand into valuable tools of technological advance.

15 K. Phillips 1993, p. 200.

It is the prospect of such capital gain, moreover, that drives humans to divert earnings into savings in order to accumulate and invest that surplus in desired goods and services. The famed German philosopher/scholar Werner Sombart has, in fact, labeled material acquisition and satisfaction of human needs as the two greatest principles to evolve in Western economic history.[16]

But were they genuinely Western in their provenance? Socioeconomic scholars seeking to quantify these dynamic twin synergistic economic phenomena have, at times, lumped them together under a single rubric: "the Protestant ethic." Yet they are "protestant" only to the extent that their doctrinal evolutions first issued from the pens of "reformers" seeking relief from those pervasive and stifling economic effects that the medieval Church had long imposed – opposing "usury" in the name of social justice – upon the entrepreneurial life of contemporary Christian Europe.

The ideological provenance of the economic doctrinal precepts that propelled the "Protestant Reformation" – and whose tenets, in turn, inspired the progenitors of modern capitalistic spirit – are thus worthy of further contemplation. A century has passed since the noted German social scientist Max Weber produced his renowned, albeit controversial, treatise: *The Protestant Ethic and the Spirit of Capitalism,* which opened with the evocative paragraphs:[17]

> A first glance at the occupational statistics of any country of mixed religious composition brings to light with remarkable frequency a situation that has at several times provoked discussion in the Catholic press and literature, and in Catholic congresses in Germany; namely the fact that business leaders and the owners of capital, as well as the highest grades of skilled labor, and even so more the highly technically and commercially trained personnel of modern enterprises, are overwhelmingly Protestant.
> This is true not only in the cases where the difference in religion coincide with one nationality, and thus of cultural development, as in Eastern Germany between Germans and Poles. The same thing is shown in the figures of religious affiliation almost wherever capitalism, at the time of its greatest expansion, has had a free hand to alter the social distribution of a population in accordance with its needs, and to determine its distributional structure. Indeed, the greater freedom that it has enjoyed, the more clearly is the effect shown.

16 W. Sombart 1916, vol. 1, p. 62.
17 M. Weber 1958, p. 35.

Weber's analysis proceeds to search for answers as to why this presumed reality is, in fact, the case. He purports to find them in Calvinistic doctrine, which – unlike medieval Catholicism's banning as "avarice" the quest for capital fructification – turned "profit-seeking capitalism" into a distinct religious virtue – equally as a sign of redemption and an act of faith.

Thus making the marketplace its chapel, he asserts, Calvinism slammed the doors of the monasteries forever shut behind them. For if the Church had indeed suffocated medieval "profit motive" and the "quest for filthy lucre"– *turpe lucrum, auri sacri fames* – based on the verse in the Old Testament book of Deuteronomy:[18]

> Thou shalt not led upon usury to thy brother; usury of money; usury of victuals, usury of anything that is lent upon usury;

– the 10th/16th century Calvinists clearly rescued it with the spiritual sanction of the Book of Proverbs:

> See thou a man diligent in his business; he shall stand before kings.

For diligent workers, Calvin contended, are the Lord's foot soldiers created in God's likeness.[19] His conviction took as its scriptural sustenance Matthew 5:16:

> Let your lights so shine before men that they may see your good works, and glorify your Father who is in heaven,

and culminated in the counsel of Matthew 7:12:[20]

> By their fruits, you shall know them.

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18 Deuteronomy, Chapter 23, Verse 19.

19 Proverbs, Chapter 22, Verse 29; and see also Chapter 13, Verse 22: "The wealth of the sinner is laid up for the righteous." Note the parallels between these verses and:

> For those who read (Allāh's) book, and invest that which We have provided, they will enjoy unfailing profits from trade" (*Sūrat Fāṭir, Āyah 29)*; as well as the cited *aḥādīth*:
>
> To seek lawful gain is the duty of every Muslim;" and
>
> The best of gain is from honorable trade and from a man's work with his own hands.

20 Again, compare these sentiments with al-Shaybānī's:

> Seeking a livelihood is an obligation imposed upon every Muslim.

It is not surprising, then, that the "Parable of the Talents" now came to be favored scripture in the Protestant capitalist's "Gospel." For simply put, in reformists' eyes, the "business of business" was the Lord's business – and each time one earned an honest profit, he was doing the Lord's work (!) Or as Calvin himself phrased it in his commentary upon advocacies of the second chapter of Genesis:

> Everyone must remember that he is God's steward in all that he possesses.

Accordingly, the earning of profits now became for the devout not just an obligation nor a mere effort to earn one's "daily bread," but instead a capitalistic obligation that later would find vivid expression in the admonition of Benjamin Franklin:[21]

> Remember that time is money. . . . He who idly loses five shillings worth of time loses five shillings and might just as prudently throw five shillings into the sea.

Diligent labor thus became a religious ritual as well as an essential element of early Western capitalism – as Calvin elevated to lofty status the role of "economic virtue" as a precondition for salvation. Indeed, in striving to earn a profit within the marketplace of "free will" – again a precept prominent and common to both Islam and Calvinist Christianity – man demonstrates the signs of his election to salvation – and in so doing, promotes the greater glory of God – *in majorem gloriam Dei.*[22]

By thus sanctioning, and indeed glorifying, self-serving ends, Calvinism overcame the mentality that man would only work because, and as long as, he was poor. For it was a religion formed of, and for, bourgeois entrepreneurs actively functioning within the real time "marketplace of life" – a doctrine that would lend inspiration to the capitalistic spirit manifest in the strong determination of that Dutch sea captain who asserted that he "would go through Hell for gain, though it would likely scorch his sails (!)"

21 Similar reflections of Calvinistic doctrine would soon appear in Richard Steele's seminal 17th century tract: *The Tradesman's Calling* – wherein industry and trade were championed as both expedient and meritorious. They will, he claimed, help the tradesman from "frequent and needless frequenting of taverns," and "pin him to his shop, where you may expect the presence and blessings of God." (Steele quoted in R. Tawney 1970, p. 245.)

22 Or more succinctly put: "God helps those who help themselves!" See M. Weber 1958, pp. 117–118.

Hence, after Calvin, in the words of British economic historian R. H. Tawney:[23]

> The good Christian was no longer at all greatly dissimilar from "economic man.'

Yet, though Calvin offered an eminently pragmatic economic doctrine unique to the Christian West, he was no pioneer. For key elements of the so-called "Protestant ethic" can be found in the varied doctrines and dogmas of other, equally zealous, "theocratic elites" as well.

Amongst them, Islam, as shown, similarly exhorts its followers to the utmost of productive labor; and certainly the tenets of Judaism have played no small role in the industriousness that has traditionally characterized its devout. Profit-seeking Jews became, in fact, the "merchants of money" around the Mediterranean basin while their Islamic and Christian counterparts labored grievously under their religions' separate bans on capital fructification – and would remain so until the total collapse of the Christian ban on interest-bearing transactions in the 8th/14th century.

Indeed, because of the Jews' great capital liquidity and geographic dispersion, they gained significant advantage in contemporary international trade and finance and became a powerful force behind the expansiveness of both banking and trade within the global economy. Their many economic accomplishments too enjoyed a strong religious doctrinal basis – as defined for them in *dispensa* authored by such renowned medieval Jewish scholars as Maimonides. In this manner, then, the three great "heavenly religions" – Judaism, Christianity, and Islam – have all historically linked "industry" and "salvation" in God's economic plan.

Indeed, like Calvin and Maimonides, the famed 8th/14th century Islamic scholar Ibn Taymīyah also waxes eloquent on the obligations of believers to be economically successful as members of God's chosen elite, while concurrently contending that it is a Muslim's sacred obligation to earn His blessings through meritorious economic activity and service to mankind. For good intentions and works are "a fulfillment of His grand design and the imprimatur of His master plan for salvation."[24]

It is likely no accident, therefore, that the last two major civilizations to dominate the planet – the "Muslim East" and the "Christian West" –

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23 R. Tawney 1960, p. 253; see also M. Weber 1958, pp. 57, 139, 154.

24 Ibn Taymīyah 1976, pp. 100 ff.; (Kuwait 1983 ed.), pp. 88 ff., 91 ff., 117 ff.

both have been driven by the identical relentless impetus – "profit motive." For the "Protestant Ethic" and the "Islamic Ethic" appeal to, and are indeed mirror images of each other in capturing the acquisitive instincts of man.

The great classic definer of modern Western capitalism, Adam Smith admonishes that: "It is not from the benevolence of the baker or the grocer that one gets his bread but from everyone pursuing his own self interest" – whereas his Islamic counterpart, Ibn Khaldūn, appeals to the same self-serving sentiment in his exhortation:[25] "Buy cheap and sell high. That is commerce for you!"

The motivation, in each case, is identical.

25 Ibn Khaldūn 1978, Chapter 5:9, pp. 394–395.

Sources

Source Analysis

I. Medieval Islamic Economic Doctrinal Literature

The broad variety of commercial and business tools sanctioned by Islamic doctrine and employed by early Muslim rulers and merchants is well documented in the medieval sources. Indeed, Chapter 3.2 makes clear that not only did the medieval Muslim monarchs understand what is now deemed to be "contemporary" economic and fiscal policy, they likewise had manuals to guide them in its implementation.[1]

As early as the 3rd/9th century, for instance, al-Balādhurī devoted the closing section of his famed historical manual *Futūḥ al-Buldān* to operations and interactions of contemporary currency and monetary policy.[2] In that same century, al-Jāḥiẓ also produced the work often attributed to him titled: *A Clear Look at Commerce (Al-Tabaṣṣur bil-Tijārah)*[3] as well as an highly enlightened essay called: *In Praise of Merchants and in Condemnation of Bureaucrats.*

In each work, he expresses contemporary market concerns – stressing the critical importance of preserving private sector independence from dominance by governmental officials. Committed to fully safeguarding the sanctity of the *laissez faire* marketplace, he concurrently admonishes shopkeepers to ensure the continuing quality of their merchandise.

Abū ᶜUbayd, meanwhile, devotes his seminal *Kitāb al-Amwāl* to such diverse topics as the impacts of varying types of taxation and the utility of public sector policy in economic development. Other relevant contributions of a similar genre include the juridical tests of Abū Yūsuf, Qudāmah b. Jaᶜfar, and Yaḥyā b. Ādam, all identically titled: *Kitāb al-*

1 Cf. Abū ᶜUbayd 1953, passim; Abū Yaᶜlā 1974, passim; Abū Yūsuf 1927–1928, passim; Ibn Baᶜrah 1966, passim; Ibn Mammātī 1943, passim; al-Jāḥiẓ 1914, passim; al-Māwardī 1909, passim; al-Makhzūmī n.d., passim; al-Qalqashandī 1914–1921, passim; Qudāmah b. Jaᶜfar 1889, passim; Yaḥyā b. Ādam 1979, passim.

2 See al-Balādhurī 1978, pp. 452 ff.

3 Though some, as noted, question the attribution of this work to al-Jāḥiẓ.

Kharāj; the economic portions of Ibn Khaldūn's famed "Prolegomenon to History" (*Al-Muqaddimah*) to his monumental analytic history: *Kitāb al-ᶜIbar wa Diwān al-Mubtadā wa al-Khabar*;[4] the detailed financial chapters of al-Qalqashandī's *Ṣubḥ al-Aᶜshā fī Ṣināᶜat al-Inshā'*; Ibn Mammātī's governmental affairs manual *Qawānīn al-Dawāwīn;* and al-Makhzūmī's treatise on Egyptian tax policy *Kitāb al-Minhāj fī ᶜIlm Kharāj Miṣr.*

The various *Kutub al-Ḥiyal wa al-Makhārij*, as noted, are likewise indispensable to perceiving the precise evolution of early Islamic free market doctrine – as the "*ḥiyal*" were, in effect, extra-legal devises that had been explicitly rationalized by Muslim jurists to achieve economic ends that could not otherwise be readily realized through the traditionally sanctioned jurisprudential venues.

Another economic philosopher of particular relevance to this analysis is Abū al-Faḍl al-Dimashqī.[5] Well known as a pioneer of Arab *laissez faire* economics, his *Reference to the Virtues of Commerce* (*Al-Isharāh ilā Maḥāsin al-Tijārah*) addresses a multitude of current mercantile concerns, including:

- rationales for the divisions of labor;
- distinctions between "price" and "value," and "value" and "market price;"
- the requisite preconditions for optimal capital formation;
- the various functions and fluctuations of currency (including early prospective insights into both the velocity of money and "Gresham's Law);"
- causes of, and proposed remedies for, "capital flight;"
- the general fixed relationships between market price and market availability, to wit: the "law of supply and demand;"
- the impacts of monopoly upon price; and
- the market pitfalls of deceptive trade practices.

4 See Ibn Khaldūn n.d., "Chapter 5," in particular.

5 The author of *Al-Isharāh ilā Maḥāsin al-Tijārah* (Cairo 1977). His provenance and exact chronology are obscure. A copy of his manuscript housed in the "*Dār al-Kutub al-Miṣrīyah*" indicates that it most likely was completed in 570/1175. The tenor of his writing, however, suggests that he probably wrote within the context of the late 3rd/9th–early 4th/10th century. The full title of this text reflects the wide focus of his economic concerns – to wit: *A Reference to the Virtues of Commerce and the Recognition of Both Fine and Defective Merchandise, and the Swindles of Those Who Deal Dishonestly.*

Chapter 9 of his treatise, in particular, seeks to delineate proper roles for government in the flows of economic affairs – addressing both the complexities of direct market intervention and the merits of private sector market competition.

Another very early Arab economic philosopher showing similarly strong free market proclivities is the 2nd/8th century scholar Muḥammad b. Ḥassan al-Shaybānī (d. 188/804) – as in his *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb*,[6] he reflects upon the relationship of work to earnings, the nature of "profit motive," and the inherent rights of individuals to be rewarded for their productive efforts.

Indeed, in al-Shaybānī's eyes, not only is earning a substantial livelihood a desirable end, it is a duty incumbent upon all true believers – and like al-Jāḥiẓ and al-Dimashqī, he deems the earnings derived from commerce more honorable than those earned from governmental activities.

Chapter 5 of Ibn Khaldūn's *Al-Muqaddimah* is likewise devoted to pressing contemporary economic concerns. Topics that intrigue him are:

- how a merchant makes a profit;
- the illusive precept of 'economic freedom' and the effects of monopoly on trade;
- essential elements of 'business climate,' and their impacts on governmental 'market intervention;'
- constraints upon the functioning of 'supply and demand;'
- labor and its economic value;
- monetary expansion and economic growth relationships;
- price theory; and the
- long term economic ramifications of population growth.

Like al-Dimashqī, Ibn Khaldūn is deeply concerned with vexing issues of "capital flight" – particularly given the traditionally high degree of mobility within Arab society For unless unchecked, he posits, such unwanted capital migration will inexorably draw Islamic states into ever-deepening economic depression, leading to the dissolution of established authority in a sequential four-step process:

- initially by causing economic uncertainty and unrest;
- which, in turn, leads to the loss of industrial productivity;

6 Al-Shaybānī, *Kitāb al-Iktisāb fī al-Rizq al-Mustaṭāb*, Ed. Muḥammad ᶜArnūs. Cairo: 1938.

– thus resulting in rapidly declining governmental revenue yields;
– which ultimately produces state economic ruin.

In detailing this evolutionary process, Ibn Khaldūn concurrently advances his noted theory that the volumes of tax revenue produced by established tax levies will invariably decline as the levies mature over time[7] – a theory frequently quoted as also accurately describing trajectories of 21st century public sector revenue yields.

Each of the works cited, therefore, addresses a wise variety of then current economic concerns now considered modern. For precise primary source analysis comparing Islamic commercial and business prototypes with Western counterparts, in turn, Shams al-Dīn al-Sarakhsī's *Kitāb al-Mabsūṭ;* [8] Muḥammad b. Ḥassan al-Shaybānī's *Kitāb al-Makhārij fī al-Ḥiyal;* and *Kitāb al-Aṣl,* ("Kitāb al-Sharikah");[9] al-Kāsānī's *Badā'iᶜ al-Ṣanā'iᶜ fī Tartīb al-Sharā'iᶜ*;[10] al-Khaṣṣāf's *Kitāb al-Ḥiyal wa al-Makhārij;*[11] and works of a similar genre are of significant value.

Here, the Geniza documents are likewise useful in discerning the pragmatic applications of early Islamic business practices. For there is little presented in substantive detail in these medieval commercial documents that is not anticipated or implied in those earlier bodies of Islamic jurisprudential literature heretofore considered.

II. Medieval European Economic History

For the study of medieval Islamic influence upon the evolution of trade and business practices in the various Italian city states, the actual commercial instruments of the participating merchants themselves offer perhaps the most worthwhile and illuminating insights.

While such documents today remain scattered throughout various libraries in Europe and elsewhere, the very lengthy compendia compiled by M. Amari and L. de Mas Latrie, though dated, remain among the best existing references.[12] Sundry collections of the medieval nota-

7 Ibn Khaldūn n.d., pp. 279–280.
8 See al-Sarakhsī 1986, passim.
9 See al-Shaybānī 1930, 1938, and n.d., all passim.
10 Al-Kāsānī 1910, passim.
11 Al-Khaṣṣāf 1923, passim.
12 M. Amari 1863, passim; L. de Mas Latrie, passim.

rial records (*cartularia*) also provide keen insights into East-West medieval economic practice corresponding to the Italian commercial revolution that began in the 5th/11th century.

For more general European histories, in turn, Gregory of Tours' *Historia Francorum;*[13] and the 120 volume compendium of primary sources, both textual and documentary, *Monumenta Germaniae Historica (MGH)*[14] remain indispensable standard historical references.

* * *

In sum, and as the bibliography that follows demonstrates, a wide range of diverse sources has been consulted by this inquiry in its quest to perceive the rise of the Muslim economic system and its role in shaping medieval commerce – a study that is dedicated to tracing the early rise of Arab trade, and the concurrent evolution of Islam's commercial doctrine – and the profound contributions of both phenomena to the industrial recovery of the Christian West from the deep depression of its "Dark Ages."

13 Gregory of Tours 1884, passim.
14 *Monumenta Germaniae Historica (MGH)*, 1835 ff., 120 vols., passim.

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This bibliography includes only those items cited in the text or notes of the present work. In alphabetizing certain romanized Arabic names and titles, the Arabic definite article (*al-*) at the beginning of an entry, the transliteration symbols for the Arabic letter *hamza* (') and ^{c}*ayn* (^{c}), and distinctions between different letters that are transliterated by the identical Latin character (e.g. *d* and *ḍ*, *A* and *Ā*) are ignored for purposes of alphabetization.

Key to Abbreviations Used in Bibliography

ANS	*American Numismatic Society*
BAS	*Bibliotheca Arabo-Sicula* (Leipzig, 1857)
BSOAS	*British School of African and Oriental Studies*
CHI	*Cambridge History of Islam*
EI	*Encyclopaedia of Islam*, original edition
EI^2	*Encyclopaedia of Islam*, new edition
JAOS	*Journal of the American Oriental Society*
JESHO	*Journal of the Economic and Social History of the Orient*
JRAS	*Journal of the Royal Asiatic Society*
MGH	*Monumenta Germaniae Historica*
"SS"	*Scriptores Sacri*

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General Index

In the alphabetical arrangement adopted, the Arabic definite article (*al-*) at the beginning of an entry, the transliteration symbols for the Arabic letter *hamza* (') and ᶜ*ayn* (ᶜ), and distinctions between different letters that are transliterated by the same Latin character (e.g. *d* and *ḍ*, *A* and *Ā*) are ignored for purposes of alphabetization.