Conclusion
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Al-Ghazâlî was a scholar in the truest sense of the word, having understand and absorbed much of the then available knowledge. As with numerous other Islamic scholars, Al-Ghazâlî works, including his economic thought, are not only thoroughly immersed in Islamic philosophy, but also flow from it. In this respect, Al-Ghazâlî is very much in company with such Christian scholars of medieval Europe, as St. Thomas Aquinas (1225-1274 CE), Albertus Magnus (d. 1280 CE), and others, whose own writings, as influenced by Arab-Islamic scholars such as al-Fârâbi (d. 339 AH/ 950 CE), Al-Ghazâlî, as well as the Greek philosophers, extended to all facets of human affairs but within the framework of Christian view of human salvation.

In the previous chapters I have discussed in some details the contributions of socio-economic thoughts by Al-Ghazâlî, as discernable from a rather thorough survey and scrutiny of the original works of this pre-eminent Arab-Islamic scholar. Writing several centuries before the well-known European classical economists, Al-Ghazâlî was the product of an era when man, not matter, was the measure of all things and mundane concerns such as earning a living or the idea of profits and wealth-accumulation were viewed as some-how secondary, although Islamic ally-valid pursuits, in the overall social scheme of things. All human activities were to be judged against the ultimate goal of ensuring the salvation of one’s soul in the Hereafter. Clearly, no scholar of that age, Islamic or non-Islamic, wrote any discourses specifically focusing on a “compartmentalized” segment of human affairs, be it economics, politics, or whatever; doing so would have simply not “fitted” the tempo of life during those times.

As pointed out earlier, Al-Ghazâlî clearly defines a Shari’ah mandated, Islamic social welfare function, with specific objectives (protection and preservation of din, nafs, nasl, mal and ‘aql) and guidelines as to ‘prioritizing’ of individual and social needs (necessities, comforts and luxuries), the latter to be interpreted in a broad sense such as to include material and non-material aspects of life.

More specifically, as much as economic activities are concerned, Al-Ghazâlî has a rather clear understanding of the voluntary, market-oriented transactions that emerge among freely-acting individuals, guided by mutual necessity and private gain, but within the Islamic code of ethics and values. Further, while warning against worldly evils, Al-
Ghazālī clearly acknowledges — nay, encouraged — the need for economic pursuits, both private and public. Indeed, he accords such activities an aura of piety and nobility by his constant reminders as to their Shari ‘ah-mandated, Islamic validity.

However, he concludes that men should strike a happy balance. Regarding this world — neither as an ordeal only, nor as the ultimate joy, but as a necessary stage on the journey toward salvation. While Al-Ghazālī does not specifically talk in terms of modern-day concepts of demand and supply, he has a pretty good notion of how these forces interact in influencing market prices and profits; and, in general, how markets and trading centers evolve. It is fair to say, however, that one can find more clear and critically superior discussions on these topics in such other Arab-Islamic scholars as Ibn Ta’imiyyah (1263-1328 C.E.), and Ibn Khaldūn (1332-1404 C.E). In discussing production behavior, while there is no analysis in terms of contemporary efficiency-oriented input-output combinations, Al-Ghazālī provides a hierarchy of industries in terms of the four-fold classification (including a major role for the public sector) — all of these as part of the Shari ‘ah-mandated socially obligatory duties (*fard kifāyah*). This classification complements and strengthens Al-Ghazālī aforementioned social-welfare function, which defines a hierarchy of individual and social needs, including consumption needs in economic terms.

Al-Ghazālī also not only explicitly talks of the need and advantages of specialization, and division of labor, but he seems to be aware of the human problems that can arise due to “excessive” specialization and division of labor. Thus, he emphasizes a major role for the spirit of cooperation in production activities. Al-Ghazālī insists that the undertaking of these industries is a socially obligatory duty of all — a religious “calling,” aside from any personal material gains that accrues from such activities.

While Al-Ghazālī hopes and assumes that such activities would be voluntarily undertaken and thus, *maslahah*, or social welfare, will be promoted, he fails to suggest any measures in case these industries do not develop to the extent that is consistent with the needs of the society.

Al-Ghazālī provides a very clear and succinct discussion of the functioning and problems of a barter economy, as well as the evolution of money and monetary exchange. One can almost emphasize that no other scholar anywhere up to that time had provided
as clear an exposition of this topic in economics as did Al-Ghazālī; certainly in terms of its broad content and analysis, it is about similar to what one finds in a typical contemporary textbook. Al-Ghazālī recognizes the problems of “indivisibility” and “double coincidence of wants” under barter, and how the emergence and invention of money mitigates these “exchange” problems. He clearly identifies and elaborates the various functions of money, almost in the manner of most current texts on the subject.

In the proper Islamic spirit, as with other Islamic scholars of the time and most Islamic scholars of the present, Al-Ghazālī criticize hoarding of money and payment of usury, for both such actions cause money (gold and silver Coins) to deviate from the key functions of money for which, according to Al-Ghazālī and others, God Almighty created money — i.e., to serve as a measure of value and to facilitate exchange of goods and things. Of course, his Greek predecessors and subsequent medieval Christian scholastics professed identical views on these issues. While the problems of barter are not as lucidly discussed by Ibn Taīmiyyah, Ibn al-Qayym, and Ibn Khaldūn, these scholars did indeed discuss some of the functions of money in more or less the same fashion as did Al-Ghazālī.

Al-Ghazālī wrote a special discussion on the role of the state and the functions of the rulers, entitled Book of Counsel for Kings (Naṣīhat al-Mulūk). In this volume and elsewhere, he provides considerable discussion on the subject of public finance as well — sources of revenue, including public borrowing, and areas of public functions and expenditures. While numerous contemporaries of Al-Ghazālī wrote on public finances, his discourse clearly is most elaborate. He distinguishes between Shari ‘ah as well as “extra-Shari ‘ah” sources of revenues, and he is bold enough to condemn the prevalent “anti-Shari ‘ah” levies. Further, while he would want to implement Shari‘ah-mandated levies, he allows additional taxes under certain conditions, chief among them being the need for maslahah, or social welfare of the community. Moreover, Al-Ghazālī recognizes and advocates the well-known “ability-to-pay” principle of taxation; he is also aware of the “benefits-received” principle when there is mention of levies-upon non-Muslims. Indeed, al-Ghazali is also concerned about tax administration and compliance when he criticizes malpractices of tax-collectors. Al-Ghazālī allows for the possibility of public borrowing under rare circumstances (such as security and survival of the Islamic society), although he would want to ensure appropriate means of future repayment.
Historically speaking, Al-Ghazālī is among the extraordinary scholars — Islamic or any other — who discussion on matters is relating to the public treasury are symmetrical: he focuses both on public revenues as well as public expenditures. He identifies various areas of public expenditures, not simply in terms of maslahah, or fard kifāyah, but explicitly in terms of developing the society’s socio-economic infrastructure (bridges, canals, etc.) for promoting development. And, he is keenly concerned about the need for economy and efficiency in the use of public funds. Indeed, given his hierarchy of society’s needs, Al-Ghazālī suggests a method of prioritizing the use of public funds, based on a framework for analysis and evaluation of public projects in an Islamic society.

In concluding this study, it is eminently fair to state that Al-Ghazālī, perhaps more than any other Islamic scholar of the era, provided a rather clear understanding of the operation of a voluntary-exchange economic system, as well as the foundations of numerous economic concepts which one finds in contemporary textbooks. Al-Ghazālī scholarship, as that of many other Islamic philosophers, contributed immeasurably to Europe’s “Age of Reason,” a fact that is often ignored, or only hesitatingly acknowledged in Western circles. Perhaps it is appropriate in this context to quote W. Montgomery Watt again. Referring to Islamic scholars such as Al-Ghazālī, al-Fārābī, Ibn Sina, and others, he states:

“Though’ the part they played in stimulating the medieval Christian scholastics is acknowledged, the contributions of these men to the intellectual progress of mankind as whole have not yet been fully appreciated.”

Al-Ghazālī is truly among the most outstanding pioneers in economic thought. While he built on the inherited knowledge available to him, within the framework of the Islamic ethos to be sure, Al-Ghazālī left behind a rich legacy of economic thought upon which, through the transference of his original and translated manuscripts, and those of others, to medieval Europe much more could be built upon that structure. Undoubtedly, this has been the case in many areas of human endeavors, including economics.

Seen in this context the legacy of Al-Ghazālī seems to be of a special significance for the newly emerging discipline of Islamic economics. His emphasis on the correct Islamic motivation on part of all economic agents, especially the businessmen and the fact that he looks at a large number of vocations, trades and industries not as mere means of...
promoting private gains on part of those engaged in them but as ‘socially obligatory duties (fard kifayah) may be one of the many insights provided by Al-Ghazālī that could help put this new discipline on the right track in contradiction to conventional economics.