

TRADE, COMMERCE, MONEY AND MARKET IN THE ISLAMIC EXPERIENCE: A BRIEF OVERVIEW¹

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This brief overview focuses on the meanings of trade and commerce (*tijārah*) in Islam and related terms such as *kasb*, *iktisāb* (earning), wealth (*māl*), work (*ʿamal*), money (*naqd*) and market (*sūq*) as these have been expressed in some salient aspects of early Madīnan and later Islamic practice, and in their exposition by the classical ulama in their many authoritative works on the fiqh and adab of *kasb* (legal and ethico-moral aspects of earning a livelihood).

Keywords: Trade, commerce, money, kasb, earning, market, Islamic Gift Economy

“O believers! Give provisions out of the good things you have earned.”

(*al-Baqarah*, 2: 267)

“Wealth decreases not through charity,
just as it increases not through perfidy.”

(*al-Ghazālī, Ihyaʾ: Ādāb al-Kasb*)

Preamble

Perhaps we may begin by citing this ḥadīth:

A man from among the Helpers (Al-Anṣār) came to the Messenger of Allāh, may Allāh bless him and give him peace, asking him for a handout. The Prophet, may Allāh bless him and give him peace, said to him, “Do you not have anything in your house?” He said, “Yes, O Messenger of Allāh, a saddle blanket (*ḥils*)—i.e., a garment (*kisāʾ*)²—we wear part of it and spread out part of it, and a bowl we drink from.” He said, “Bring

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1. This paper was originally prepared for the One-Day Intensive Certificate Course on “The Adab and Fiqh of the Islamic Market,” organized by UNRIBA and CASIS, Kuala Lumpur, Malaysia, October 11, 2014.
 2. Probably a saddle blanket that also served as a garment.
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both of them to me,” and so he brought them. The Messenger of Allāh, may Allāh bless him and give him peace, took the two things in his hands and said, “Who will buy these two?” A man said, “I’ll take them for one *dirham*,³ O Messenger of Allāh.” The Messenger of Allāh, may Allāh bless him and give him peace, said (again), “Who will pay two or three times more than a dirham?” Another man said, “I’ll take them for two dirhams, O Messenger of Allāh,” and so he gave the items to him. The Prophet, may Allāh bless him and give him peace, took the two dirhams and gave them to the Helper, and said, “Buy food with one of these and hand it over to your family, and with the other buy an *adz* (*qaddūm*) and bring it to me.” He brought it to him and the Messenger of Allāh, may Allāh bless him and give him peace, fixed to it a cane with his own hands and then he said, “Go and gather firewood and sell it, and I shall not see you for fifteen days.” He did accordingly and then came back to him having acquired ten dirhams. With some of it he bought food and with some of it he bought clothes. The Messenger of Allāh, may Allāh bless him and give him peace, said to him, “This is better for you than having (the habit of) beggary scarring your face on the Day of Resurrection.”⁴

This ḥadīth provides one with much food for thought respecting Islam’s general attitude towards working for a living (*kash*). The poor are not to resort to beggary (*suʿāl*)⁵ so long as they are physically fit and able to work for their livelihoods by pursuing a craft, trading, farming, hunting, foraging, working for a wage, and so on. Instead of giving handouts to the poor, one is to first ascertain their capacity to work and advise them accordingly, for they may not be really poor but only conditioned into thinking they are poor. Thus we find in this ḥadīth the Prophet, Allah bless him and give him peace, giving what we may now call “business advice” to a young man finding his way in the world.

The general idea here is *trade not aid, industry not charity*. My personal experience is that the poor are generally able to help themselves out of

3. A silver coin or silver piece of between 3 to 4 grams of silver; the weight of the dirham was standardized later during the Umayyad caliphate to 2.97 grams of silver; see M. Ismail Marcinkowski, *Measures and Weights in the Islamic World* (Kuala Lumpur: ISTAC, 2003), 2.

4. Narrated by Imam Abū Dāwūd, ḥadīth no. 1641, cited in Imām ‘Alā’ al-Dīn ibn al-Lubūdī (circa 900/1500), *Faḍl al-Iktisāb wa Ahkām al-Kash wa Ādāb al-Maʿishah*, ed., Suhayl Zakkār (Beirut: Dār al-Fikr, 1997), bound together with his edition of Imam Muḥammad al-Shaybānī’s *Kitāb al-Kash*; trans. Adi Setia and Mahdi Lock, *The Virtue of Working for a Living* (Kuala Lumpur: IBFIM, 2012), 10-11.

5. Modern day beggary comes in many forms, euphemised as donation, grant, aid, subsidy, charity, scholarship, welfare and so on; a separate article will be written to analyse this sorry phenomenon, *inshāʾ Allāh*.

demeaning poverty and beggary into dignified self-reliance if they are given even half a chance to engage in wholesome earning and right livelihood (*kaṣb ṭayyib*). The verse in the Qurʾān cited in the epigraph above shows quite clearly that provisioning (*infāq*) for ourselves and the community in general is by way of earning (*kaṣb*, *iktisāb*, *ʿamal*), and not by way of beggary (*suʿāl*).

Any doubt about the priority of earning over beggary is dispelled when we see the Migrants (*muhājirūn*) refusing charity from the Helpers (*anṣār*) but rather opting to work and earn, even though many of the former had become destitute after having been compelled to leave their property and wealth behind in Makkah when they emigrated to Madīnah.

Originally, after the Migrants had arrived in Madinah, the Helpers asked the Prophet (pbuh) to divide the date-palm trees between them and their brethren from Makkah, which he nevertheless disapproved of. Then they all concurred that the Helpers divide their properties with the Migrants on the condition that the latter would give half the fruit from the orchards every year, and they would recompense the Helpers by working with them and putting in labor. This situation continued for several years and was as good as over subsequent [sic] to the conquest of *Khaybar* in the seventh year when all the Migrants economically became virtually self-sufficient.⁶

A companion ʿAbd al-Rahman b. ʿAwf has shed some light on the nature of the developments which the new Muslim community was putting up in Madinah in the wake of the Hijrah. He said: “When we came to Madinah as emigrants, the Prophet (pbuh) established a bond of brotherhood between me and Saʿd b. al-Rabiʿ. Saʿd b. al-Rabiʿ said to me: “I am the richest among the Helpers, so I will give you half of my wealth and you may look at my two wives and whichever of the two you may choose I will divorce her, and when she has completed her prescribed period (before marriage) you may marry her.” ʿAbd al-Rahman replied: “I am not in need of all that. Is there a market-place where trade is practiced?” Saʿd replied: “The market of *Banu Qaynuqaʿ* (the Jewish tribe).” ʿAbd al-Rahman went to the market the following day. He continued going there regularly, and few days later he came having traces of yellow (scent) on his body.

6. Muslim, *Ṣaḥīḥ Muslim*, “Kitāb al-Jihād wa al-Siyar,” Ḥadīth No. 4375; and *Ṣaḥīḥ al-Bukhārī*, “Kitāb al-Hibah,” Ḥadīth No. 799, cited in Spahic Omer, “Madinah Market during the Prophet’s Time (Part I),” published online at <http://www.medinanet.org/index.php/islamic-issues/172-madinah-market-during-the-prophets-time-part-1>, footnote 14; see also Spahic Omer, *The Prophet Muhammad (pbuh) and Urbanization of Madinah* (Kuala Lumpur: IIUM, 2013), especially Chapter 6 on “The Significance and Role of the Madinah Market.”

The Prophet (pbuh) asked him whether he had got married and ‘Abd al- Rahman replied in affirmative. Then the Prophet (pbuh) asked him to give a wedding banquet (*walimah*) even if with one sheep. ‘Abd al-Rahman b. ‘Awf ultimately emerged as one of the wealthiest Prophet’s companions dubbed alongside such as were like him [sic] as *Khuzzan Allah* (Allah’s treasurers).⁷

The Market of the Prophet

This brings us to look deeper into the socio-economic significance of the ‘market of the Prophet’ (*sūq al-nabiyy*). It is well known that among the first things that the Prophet, Allāh’s blessing and peace be on him, did upon his arrival in Madinah was the establishment of the communal mosque and the communal market for the Muslims. There was already at the time the market of the Banū Qaynuqā’, but it seemed that the Prophet, Allāh’s blessing and peace be on him, wanted a separate, independent market for the nascent Muslim community based on the principle of “*al-sūq ṣadaqah*” = “the market is charity,” i.e., a charitable endowment for the public good of the Muslim community as a whole wherein no taxes were to be imposed, hence: *sūq al-muslimīna ka muṣallā al-muṣallīna, man sabāqa ilā shay’in fa huwa lahū yarwahu ḥattā yada’ahū* = “the market of the Muslims is like the place of worship of the worshippers; whosoever proceeds to a spot [in it] it is his for the day until he departs from it.”⁸

Obviously, if the market is, ethically and morally speaking, an extension of the mosque, just as *mu‘āmalah* or *tijārah* (commercial transaction) an extension of *‘ibādah* (devotion),⁹ then it is of religious necessity that the market of the Muslims must be one in which the proprieties of commerce

7. Al-Kattānī, *al-Tarātib al-Idāriyyah*, vol.2 p. 403, cited in Spahic Omer, Part I, footnote 22.

8. al-Hindī, *Kanz al-Ummāl*, 5: 488, no. 2688, cited in M. J. Kister, “The Market of the Prophet,” in *Journal of the Economic and Social History of the Orient*, vol. 8 no. 3 (December 1965), 272-276, on 276n2. (<http://www.kister.huji.ac.il/content/market-prophet>). For more details, see also the informative, well documented article by Dr. Spahic Omer, “Madinah Market during the Prophet’s Time,” (Part 1 &2),” published online at <http://www.medinanet.org/index.php/islamic-issues/172-madinah-market-during-the-prophets-time-part-1>; and at <http://www.medinanet.org/index.php/islamic-issues/171-madinah-market-during-the-prophets-time-part-2>; see also Spahic Omer, *The Prophet Muhammad (pbuh) and Urbanization of Madinah* (Kuala Lumpur: IIUM, 2013), especially Chapter 6 on “The Significance and Role of the Madinah Market.”

9. Adi Setia, trans. (of Imām Muḥammad ibn al-Ḥasan al-Shaybānī, *Kitāb al-Kasb*), *The Book of Earning a Livelihood* (Kuala Lumpur: IBFIM, 2011), 56-57 and 83-84.

and livelihood (*ādab al-kasb wa al-ma'āsh*) are applied. This in turn entails the establishment of an autonomous Islamic market and economy in which usurious, monopolistic and perfidious practices are all proscribed and justice, benevolence and fairness prevails, and thereby the duty of enjoining right and forbidding wrong fulfilled. Just as Muslims needed in the past to have their own public places of spiritual devotion to Allāh (i.e., the congregational *masājid*), so likewise, they needed also to have their own public places (*aswāq*) for commercial transactions amongst themselves; they needed to have their own markets, and by extension, their own economies—and they need the same today.

Hence, just as the mosque was seen as the devotional commons, the market was seen as the *transactional commons*. Just as the mosque was open for access to all without any restriction, so the market was open for access to all without restriction. The idea was that anyone, especially the poor and destitute, can go to the open, common or communal market anytime for free without having to pay entrance fees, and do a little work or a little trading, and thereby *earn* himself out of destitution and provide for himself and his dependents, and, if he has surplus, to provide out of that for the public good of the community, i.e., to reinvest his surplus into his community. This has been called (in the case of the later Ottoman economy) the *market-welfare* economy (most encapsulated in the institution of *waqf* or *habs* = charitable endowments), in which the ‘market’ and the ‘welfare’ aspects of the economy are seamlessly integrated as a single, organic economy.¹⁰

So, the mosque and the market are the twin pillars of the Islamic community, for we can't allow our *dīn* and ourselves to be fragmented, practicing one set of ethics in the mosque (in *‘ibādah*) but a totally contrarian set of ethics in the market (in *mu‘āmalah*), for we have to uphold *taqwā* (mindfulness of the Creator) wherever we are: *ittaqū Llāha ḥaythu kuntum*.

Therefore we find our classical scholars writing voluminous works on *ahkām al-masājid* (the rules of the mosques)¹¹ as well as *ahkām al-sūq* (rules of the marketplace).¹²

10. Relli Shechter, “Market Welfare in the Early-Modern Ottoman Economy: A Histographic Overview with Many Questions,” in *Journal of the Economic and Social History of the Orient* (JESHO), 48: 2 (2005), 253-276.

11. For example, Abū Bakr ibn Zayd al-Jurā‘ī al-Ḥanbalī (d. 883H), *Tuhfat al-Rāki‘ wa al-Sājid bi Ahkām al-Masājid* (Kuwait: Ministry of Endowments and Islamic Affairs, 2004).

12. Yahyā ibn ‘Umar al-Andalusī al-Kinānī (213-289H), *Kitāb al-Nazar wa al-Ahkām fī Jāmi‘ Ahwāl al-Sūq* (Tunis, 1975); see also the article on him by Faruk Bal, “Hisbah Literature as a Source of Islamic Economics: Yahya Omar al-Andalusī’s al-Ahkām [sic] al-Sūq,” in *Turkish Studies*,

There are also many works on the role and duty of the market inspectors (*muḥtasib*)¹³ to ensure that all the protocols and parameters of fair exchange, honesty and integrity are adhered to by all participants in the market.

‘Umar—Allāh be pleased with him—the second caliph of Islam was reported to have made it his habit to make the rounds of the market and beaten some of the traders with his leather whip, saying, “None trades in our market¹⁴ except those who understand the rules of transactions, lest they should partake of usurious gain, wittingly or unwittingly (*lā yabī‘u fī sūqinā illā man yafqahu, wa illā akala al-ribā shā’a am abā*).”¹⁵

Dīn, Madīnah and the Commercial Enterprise

Imam Muḥammad al-Shaybānī¹⁶ has said to the effect that the relation between ‘*ibādah* and *mu‘āmalah* is like the relation between *ṣalāt* and *ṭahārah*, the one cannot do without the other.¹⁷ So, on the one hand, the *dīn* or religion pertains to one’s personal devotional relation to and with the Creator (*khāliq*), and, on the other hand, to one’s interpersonal relation to and with people (and by extension, the rest of creation = *al-khalq*).

It is in Madīnah that these two integral dimensions of the *dīn* were fully realised and manifested, for the very etymology of the word ‘*madīnah*’ refers

vol. 8, no. 12 (Fall 2013), 133-149 (); and also the informative article by, Abdul Azim Islahi, “Perception of Market and Pricing among the Sixteenth Century Muslim Scholars,” in *Thoughts on Economics*, volume 18, number 1, pp. 33-41; also accessible online at: <http://www.ierbbd.org/wpcontent/uploads/2010/03/journals/Journal%20Vol%2018%20No%201/PERCEPTION%20OF%20MARKETAbdul%20Azim%20Islahi.doc>.

13. ‘Abd Al-Raḥmān b. Naṣr Al-Shayzarī, *Nihāyat Al-Rutbah fī Ṭalab al-Ḥisbah* (The Utmost Authority in the Pursuit of Hisbah). Trans., R. P. Buckley, *The Book of the Islamic Market Inspector* (Oxford: Oxford University Press, 1999); M. Izzi Dien, *The Theory and the Practice of Market Law in Medieval Islam: A Study of Kitāb Nisāb al-Iḥtisāb of Umar b. Muḥammad al-Sunāmī* (Wiltshire: E. J. W Gibb Memorial Trust, 1997). See also the paper by Abdul Azim Islahi, Islahi, Abdul Azim, “Works on market supervision and shar‘iyah governance (*al-hisbah wa al-siyasah al-shar‘iyah*) by the sixteenth century scholars,” in *Quarterly Journal of the Pakistan Historical Society*, vol. 54, no. 3 (July 2008), pp. 7-20.

14. i.e., the market places of the Muslims.

15. Imām al-Ghazālī, *Kitāb Ādāb al-Kasb wa al-Ma‘āsh*, trans. Adi Setia, *The Book of the Proprieties of Earning and Living* (Kuala Lumpur: IBFIM, 2013), 20.

16. Student of Imām Abū Ḥanīfah and Imām Mālik, and teacher of Imām al-Shāfi‘ī.

17. Al-Shaybānī, *The Book of Earning a Livelihood*, trans. Adi Setia (Kuala Lumpur: IBFIM, 2012), 8-9, 56-57.

to the place where the *dīn* is lived and practiced, both in the private and in the public spheres of life—*dīn* as one's *way of being* in the world, in private and in public. Hence, as Professor al-Attas puts it, "The City of the Prophet signified the Place where true *dīn* was enacted under his authority and jurisdiction.... the City became, for the Community, the epitome of the socio-political order of Islam,"¹⁸ and:

....the concept *dīn* reflects the idea of a kingdom—a cosmopolis. Commerce and trade are the life blood of the cosmopolis....it is no wonder then that in the Holy Qur'an worldly life is depicted so persistently in the apt metaphors of commercial enterprise.... Man is inexorably engaged in the trade: *al-tijārah*, in which he is himself the subject as well as object of his trade. He is his own capital, and his loss and gain depend on his own sense of responsibility and exercise of freedom. He carries out the trust of buying and selling, of bay'ah, and bartering: *ishtarā*, and it is his self that he buys or sells or barter; and depending upon his own inclination towards the exercise of his will and deeds his trade will either prosper...or suffer loss.¹⁹

This understanding of the concept of the 'city' in Islam, as encapsulated in the word '*madīnah*' brings us to the meaning of 'community' (*jamā'ah*, *mujtama'*, *ummah*). A community is only a community of people as opposed to a mere gathering or crowd when the individuals constituting it adhere to a common ethics (*ādāb*) and laws (*fiqh*) of formal and informal exchange amongst themselves. Just as they believe in and adhere to the same set of proprieties and rules pertaining to their collective devotion to their Creator in the mosque, so likewise in their collective transactions in the marketplace. As a matter of fact, the classical scholars from the earliest times have written profusely on the ethics and rules of earning, trade, commerce and livelihood in order to render explicit the common ground on which believers are to interact and transact (*mu'āmalah*) with one another.²⁰

Without this shared, common ethics and laws of what is right or wrong, or proper or improper, in interpersonal relationships we don't have an integrated community (*jamā'at al-wahdah*) founded on transcendent conscience but only a disparate multitude (*jama'at al-kasrah*) who just so happen to find themselves in the same locality at a particular point in time due to some accidental

18. Syed Muhammad Naquib al-Attas, "Islam: the Concept of Religion and the Foundation of Ethics and Morality," in *Prolegomena to the Metaphysics of Islam: an Exposition of the Fundamental Elements of the Worldview of Islam* (Kuala Lumpur: ISTAC), 43n3.

19. Idem, 56-57.

20. See the articles in this book and the relevant references in the footnotes therein.

temporal convenience and expedience, with no true idea of, and hence, no real commitment to the common good (*maṣlaḥah ʿammah*).²¹

This is why trade and commerce founded on transcendent conscience and not mere individualistic or egoistic convenience is considered an aspect of *farḍ al-kifāyah*, which is namely *the duty of provisioning what suffices the community*. Through lawful, wholesome and meaningful trade, commerce and work (*kasb*) one is helping in the provisioning (*infāq*) of the community through the very act of provisioning for oneself. Hence the verse, “O believers, give provisions from out of the good things you have earned.”²²

This shows that economics and the economy in Islam has nothing to do with current secular, nihilistic notions of scarcity chasing after unlimited wants, but everything to do with the earning of *right livelihood* and provisioning thereby for the *common good*. Since, in this vision the individual is never disembedded from the communal, then ensuring the common good is also ensuring individual good—the two goods are like the two sides of the same coin and constituting it. In fact, economics in Islam, or ‘Islamic economics’, if we admit of such a thing, is properly defined as, “The science of earning and provisioning for the common good,” or simply, *the science of earning and provisioning* = *ʿilm al-iktisāb wa al-infāq*.

We may extend and expand on this reflection to come to the necessary insight that observing personal, individual worship (*ʿibādāt*) is not sufficient in order for a person to live a fully Islāmic life—or to realise Islām as a complete way of life—unless at the same time he takes care to cultivate the interpersonal transactional relationship (*muʿāmalāt*) required to support it; thus the inextricable linkage between *farḍu ʿayn* (individual duty) and *farḍu kifāyah* (communal duty), and between personal devotion and social relation, so nicely alluded to by Imam Muḥammad al-Shaybānī in his statements, “In earning a livelihood there is the meaning of cooperation in acts of devotion (*fī al-kasb maʿnā al-muʿāwanah ʿalā al-qurab*),” and “Permissible earning is in the category of cooperation in acts of devotion and obedience (*al-kasb al-ḥalāl min bāb al-muʿāwanah ʿalā al-qurab wa al-tāʿāt*).”²³

Hence, in order to observe *ʿibādah*, we need to cultivate an appropriate *muʿāmalah* to support and nurture it; the one simply cannot do without the other. Similarly, Imam al-Ghazālī, in his *Kitāb Ādāb al-kasb wa al-Maʿāsh*, says:

The second matter is to intend, through one’s craft, commerce,

21. Cf. the “naturalistic” analysis of ‘community’ in Tony Lawson, “Ontology and the Study of Social Reality: Emergence, Organisation, Community, Power, Social Relations, Corporations, Artefacts and Money,” in *Cambridge Journal of Economics*, 36 (2012), 345-385.

22. *al-Baqarah*, 2: 267.

23. *The Book of Earning a Livelihood*, 56-57, and 83-84.

or work, the discharge of one of the obligations of sufficiencies (*furūd al-kiḥyāt*). Were the crafts and the businesses to be abandoned, the livelihoods of people would be disrupted, and most people would perish [as a consequence]. Therefore the well-ordering of the affairs of all is realized through the cooperation of all (*intizām amr al-kull bi-taʿāwun al-kull*), while each group assumes an occupation. If all of them were to be devoted to a single vocation (*ṣināʿah*), then the rest of the vocations would be left unattended and people would be destroyed. It is in the light of this reality that some of the scholars have interpreted the saying of the Prophet—Allāh bless him and give him peace—”The diversity of my Community is a mercy (*ikhṭilāf ummatī raḥmatun*),” as referring to the diversity of their occupations in the various crafts and vocations. And of the crafts, there are those which are important, and there are those which can be done without because these have to do with the seeking of comforts (*al-niʿam*) and embellishment (*al-tazayyun*) in this world. Hence, one should be occupied with an important vocation so that by practicing it he takes care of something of concern in the religion for the Muslims.²⁴

Trade and the Meaning and Role of Money

Because of the emphasis on justice (*ʿadl*) and fair exchange (*mumāthalah, tarāḍīn*), a lot of attention was given to the precept of ‘sound money’ and the avoidance and preemption of anything that would compromise or dilute that precept, for since money is a medium of exchange as well as a measure of value (and thereby, a store of value), the notion of money (*naqd*) is tight closely to the notion of measure (*miqdār, miʿyār*) and to the notion of value and price (*qimah* and *thaman*). Here, it is pertinent to cite in full the view of Jaʿfar al-Dimashqī (a merchant-scholar of the 6th/12th century) on money, which encapsulates the classical view on the matter:

Now human beings are dependent on one another as mentioned earlier, but the time of need of a person does not often coincide with the time of need of another person, as in the case of a carpenter who may be in need of an ironsmith but could not find one (at that particular time). It may also happen that there is no equivalence between the respective quantities (*maqādīr mulasāwīyah*) of what each need from the other, and there is no way of knowing the (relative) value of each item of each kind of goods, and of knowing the rate of exchange (*miqdār al-ʿiwāḍ*) between one item and another item of a part of the merchandise among all the parts of the rest of the merchandise, nor the

24. *The Book of the Proprieties of Earning and Living*, 100-101.

relative value of each of the different crafts. Hence there is a need for something by which all goods can be priced (*yuthamman bihi*), and by which the value of each thing can be defined (*yu'arraḥ bihā*) in relation to every other thing. So when a person requires something which is for sale or for use, he pays the value of that thing with that substance (*al-jawhar*) by which all things are priced. If such a convention was not adopted, then it would not be possible for the exchange of one thing for another to take place, as in the case of a person who has something such as olive oil (*al-zayt*), wheat (*al-qamḥ*) or other similar products, whereas his counterpart has other goods such that the need of each party for what the other possesses does not concur at the same time. It can also happen that although the mutual need of each party for what the other possesses coincides, there may not be mutual agreement (*ittifāq*) on the equitable value of the amount each should give in exchange for what the other owns, such that there occurs neither excess nor deficiency (*lā yazīdu wa lā yanquṣu*) in what each exchanges with the other. For example, the owner of wheat may require a *riḥl* of olive oil, whereas the owner of cooking oil may require a two camel-loads (*ḥimlay*) of wheat, or the wheat seller may require a large quantity of oil whereas the oil seller a small quantity of wheat, in which case disagreement (*al-ikhtilāf*) may occur between the two parties (on an equitable way to exchange one quantity for the other). (To solve such a problem) the ancients (*al-awā'il*) searched for something by which to price all things. They looked into all the things in the possession of man, whether plants, animals or minerals. They excluded both plants and animals from this function (*rutbah*, of pricing) due to their being transformable (*mustaḥīl*) and quickly perishable (*yusri'u ilayhi al-fasādu*). As for the minerals, they chose from among them those metallic ores which are hard and can be melted (*al-aḥjār al-dhā'ibah al-jāmidah*). They then excluded from these iron, copper and lead. As for iron, it was rejected due to its susceptibility to rust (*al-ṣada'*), and copper too was rejected for the same reason. As for lead, it was rejected due to its dullness (*taswīd*) and its excessive softness (*lin*) which leads to transformation in the shapes of its form (*ashkāl ṣūratihī*). Likewise some people rejected copper due to its susceptibility to verdigris (*al-zinjār*). However, some people mint (*ṭaba'a*) coins out of it like dirhams (*al-dirham*), for they use them (copper coins) as small change (*fulūsan*) in their transactions. All people are agreed on the preferment (*tafḍīl*) of gold (*dhahab*) and silver (*al-ṣiddāḥ*) due to their being readily suited (*sur'at al-muwātā*) for casting (*al-sabk*), forging (*al-ṭarq*), combining (*al-jam'*), separating (*al-tafrīqa*) and shaping (*al-tashkīl*) into any form required. Gold and silver also have a beautiful luster (*ḥusnu al-rawnaq*), with no unpleasant odor (*al-rawā'ih*) or taste (*al-ṭu'ūm*), and they endure when buried. They are both also receptive to being marked with marks (*al-alamāt*) that preserve them; and

the permanence of their features (*thabāt al-simāt*) protects them from debasement (*al-ghashsh*) and counterfeiting (*al-tadlīs*). Therefore the ancients minted coins from gold and silver, and by these coins they priced all things. They saw that gold was greater in status (*ajallu qadran*) with respect to its beautiful luster, the compactness of its parts (*talazzuz al-ajzā'*), its durability when buried for a long period of time, and its conduciveness to repeated castings in fire. They then determined each piece of gold as being equivalent to several pieces of silver, and they made both the price (*thamanan*) for all other things. Thus they came to an accord on this arrangement (*iṣṭalahū 'alā dhālika*) in order that people might purchase their needs at the time they wanted them, and so that whosoever obtained these two metals (*al-jawharān*) it would be as if all kinds of goods were brought together in his presence whenever he desired. Therefore the need in livelihood for inarticulate wealth became imperative. Some men of letters (*al-udabā'*) have said:

al-‘aynu li al-‘ayni qurratun
wa li al-ṣahri quwwatun
wa man malaka al-ṣafrā'a
ibyaḍḍa wajhuhū
wa ikhḍarra ‘ayshahū

Gold is a delight to the eyes,
 and a support for the spine;
 and whosoever owns the yellow thing
 luminous becomes his countenance
 and verdant the pasture of his life.²⁵

In short, money is a measure by which the values of tangible goods and intangible services can be compared and brought into a balanced relationship (*mizān*) with one another in order to facilitate fair, equitable exchange and preempt witting or unwitting exploitation by one party of the other in the transaction. Hence a measure must be physically and quantitatively well defined, *and once defined it must remain so*, in order that it can thereby serve as a reliable measure of relative values. This also means that *the form of money chosen has to be one that provides its own backing by virtue of its intrinsic physical value without the need for it to be backed by or pegged to some other, external forms of money or guarantors of value.*

In fact, money's role as a *medium of exchange* is an integral function of its

25. Ja'far al-Dimashqī (circa 6th century H), *al-Ishārah ilā Mahāsīn al-Tijārah*, trans. Adi Setia, *The Indicator to the Virtues of Commerce* (Kuala Lumpur: IBFIM, 2011), 11-15.

more foundational role as a *measure of value*.²⁶ For example, the dinar has been defined since classical times as equivalent to one *mithqāl* of gold, and a *mithqāl* was equivalent to 24 *qirāt* or carats of gold.²⁷ As noted by Heck, “All mint operations were precisely regulated, and a very elaborate system of glass weights soon evolved to maintain precise standards in coinage production as well.”²⁸

Overview of Some Empirical Aspects of Early Madinan Trade and Commerce

Contrary to the view of Patricia Crone²⁹ and other like-minded orientalist, the Ḥijāz before and at the advent of Islam was a locus of active intra-regional and inter-regional trade between Syria in the north and Yemen in the south,³⁰ and through them, areas beyond the immediate confines of the Arabian peninsular. When the Prophet, Allāh’s peace and blessings be on him, arrived and settled in Madīnah, the *Muhājirūn* who emigrated with him were generally merchants and traders while the indigenous *Anṣār* were primarily agriculturists. As for the Jewish tribes of Madīnah, they engaged in both farming and trading and they basically controlled Madinan economy, but that quickly changed when the market of the Muslims was established by the Prophet, Allāh’s blessings and peace be on him.³¹

26. This will be elaborated in a separate paper, “The Concept of Money in Islam,” *inshā’ Allāh*.

27. The classical gold dinar of one *mithqāl* in weight is equivalent to 4.233 grams of gold; in the Arabian peninsular, Syria and Egypt, one *mithqāl* was equal to 24 *qirats*, hence one *qirat* is 0.176 grams; see M. Ismail Marcinkowski, *Measures and Weights in the Islamic World* (Kuala Lumpur: ISTAC, 2003), 2-3. In any case, we need to revive—in vision and in action—the classical Islamic science and *fiqh* of weights and measures in contemporary terms.

28. Gene W. Heck, *Medieval Muslim Money, The Cornerstone of A Commercial Empire: An Inquiry into the Evolution of Islam’s Monetary Policy as Shaped by the Precious Metals Indigenous to the Dar al-Islam* (Riyadh: King Faisal Center for Research and Islamic Studies, 2004), 33.

29. Patricia Crone, *Meccan Trade and the Rise of Islam* (NJ: Princeton University Press, 1987); see the review of it in R. B. Serjeant, “Meccan Trade and the Rise of Islam: Misconceptions and Flawed Polemics”, *Journal of the American Oriental Society*, 1990, p.472.

30. As alluded to in the Qur’ānic verses, *Quraysh*: 1-4.

31. For more details of the early Madinan market, see Spahic Omer, *The Prophet Muhammad (pbuh) and Urbanization of Madinah* (Kuala Lumpur: IIUM, 2013), especially Chapter 6 on “The Significance and Role of the Madinah Market”; and more generally Gene W. Heck, *Islam, Inc.: An Early Business History* (Riyadh: King Faisal Center for Research

Both the gold denarius of the Romans and the silver drachma of the Persians, as well as indigenously produced gold and silver bullion were widely used in trading and commerce. There were large-scale Hījāzī gold and silver mining operations producing liquid capital (gold and silver) by which trade was facilitated. As the economic historian Gene W. Heck puts it:

The combination of source documentation and residual onsite physical evidence makes readily apparent that one cannot begin to comprehend the functioning of the early Hijazi economy without first perceiving the indispensable role of precious metals.³²

According to classical historians like al-Balādhurī and al-Maqrizī, there were attempts by the early caliphs (Abū Bakr, ‘Umar, ‘Uthmān, ‘Alī) to produce indigenous Islamic currency (coinage) based on Byzantine and Sasanid prototypes. These early Madinan efforts culminated in the comprehensive monetary reforms of the Umayyad caliph ‘Abd al-Mālik between 73-79/692-698, for he understood very well that the political integrity of the caliphate went hand-in-hand with monetary unity, and this in turn was the foundation of the economic prosperity and resilience of the empire.³³

Though the Hījāz was generally barren, it was dotted with fertile oases of thriving agricultural production throughout the Madinan and nearby regions at Ṭa’if, Nakhlāh, Khaybar, Fadak, Yanbu‘, Wādī al-Qurā, al-Suwarqiyyah, Wādī al-‘Aqīq, and elsewhere. Wheat, barley, sorghum, alfalfa, vegetables, citrus, grapes, olives, dates and pomegranates were cultivated. The Prophet, Allāh’s peace and blessings be on him, as well as many of his companions were known to have interests or invested heavily in these farms and gardens. Livestock was also important. The third caliph, ‘Uthmān ibn ‘Affān, was reported to have contributed 950 camels and 50 horses to the Islamic army. Both documentary and archaeological evidence attests clearly to the commercial importance of farming and agriculture. Clearly it must be recognized that some degree of *internal* economic prosperity based on both production and trade underpinned the success of the Muslim expansion beyond the Arabian peninsular.³⁴

According to Heck, who has based his very informative research on early classical sources,

....the non-agricultural industrial base of early medieval Hijaz as quite diverse—ranging from mining to hunting, fishing

and Islamic Studies, 2004).

32. Gene W. Heck, *Medieval Muslim Money*, xxii.

33. Gene W. Heck, *Medieval Muslim Money*, 23-33.

34. Heck, *Islam, Inc.*, 35-78 passim.

to construction and manufacturing and other productive undertakings....³⁵

As meticulously documented by Heck, important industries included jewelry smithing, blacksmithing, tanning and leather-making, textile production and weaving, and perfumeries.

Heck has also highlighted some salient structural elements in the flourishing of early Madinan trade, namely:

...capital, labor, fiducial instruments to meld the two; and a structured operating environment amenable to the conduct of productive business operations.³⁶

Here we would like to draw attention to the important role played by fiducial instruments or commercial contracts for applying capital toward the mobilization of labor in the production of goods for the market places.

The principal contract of choice for structuring investment was the *muḍārabah* or *qirāḍ* contract (what we would now call venture capital or passive partnership), whereby one or a few investors (owners of capital) would capitalize a commercial, production or manufacturing venture undertaken by entrepreneurs (*muḍārib*) for a predetermined share of the net profit. This is in effect a contract of partnership between capital (gold and/or silver) and work (skill, labour).

The Prophet, Allāh's peace and blessings be on him, and many of the companions were well known to have engaged in various forms of this contractual business partnership. Large, inter-regional trading caravans were financed by a mixture of macro- and micro-investments in this way. According to Imam al-Sarakhsī:

People of al-Madinah called this contract of *muqaradah*, and this is based on a certain tradition regarding Uthman who committed a sum of funds to a man in the form of a *muqaradah*.... This derives from *al-qard*, which means cutting. For in this contract, the investor cuts off disposal of this sum of money from his own use [and thereby put it at the disposal of his business agent = *mudarib*]....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.³⁷

So, contrary to the current view that business undertakings are not possible except through various forms of usurious debt-financing created by the profit

35. Ibid., 55ff.

36. Ibid., 79ff.

37. Cited in Heck, *Islam, Inc.*, 112.

maximization financial intermediation of impersonal and disembedded banks, the Islamic historical experience has shown that large scale intra- and inter-regional can be financed effectively and equitably through profit-and-risk-sharing, non-usurious business partnership contractual arrangements, as well as other direct people-to-people investment structures.

These structures today are called by various names, such as venture capital, community interest companies, crowd funding, impact investment, independent business networks, social enterprises, community supported agriculture, and so on and so forth, all of which can be again restructured within the ethico-legal framework of the various relevant *mu‘āmalah* contractual forms.³⁸

Conclusion

One major, intangible factor in the flourishing of trade and commerce in early Madīnah was the general climate of mutual trust that obtained between participants in commercial transactions. Usury and usurious contracts were prohibited while equitable business partnership contractual forms were encouraged in its place. The market of the Muslims established by the Prophet, Allāh’s peace and blessings be on him, was effectively (as Heck calls it) a “free-trade zone” where neither taxes nor price controls were imposed.

Monopoly, hoarding, bribery, perjury, fraud, deceit, counterfeiting and so on were all proscribed; and contracts were binding and were to be honoured. All these substantive ethical precepts and their formal expressions in normative contractual instruments served to “maintain the integrity of market function” so as to ensure a socio-economic exchange that embeds personal interest into the larger context of communal interest, leading to the “provisioning of what suffices the community.”

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