



# An Investigation into the Economic Thought of Medieval Arab-Islamic Scholars and Enlightenment Philosophers

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## I. Abstract—Framing the Question

This student-faculty collaborative research project focused on the contributions to economic thought of two distinct groups: medieval Arab-Islamic scholars and enlightenment philosophers. The primary goal of the project was to generate two new chapters to supplement the History of Economic Thought text. It looked to answer the research question, “how did the intellectual activity of medieval Arab-Islamic scholars and Enlightenment philosophers reflect and/or contribute to the development of modern economic thought?”

## II. Abstract—Summary of Findings

The medieval Arab-Islamic chapter produced findings including a centrality of religion to economic life, the importance of specialization for increased efficiency, and an understanding of just price. Ibn Khaldūn, a prominent scholar of the medieval Arab-Islamic era, recognized a need for the division of labor, as individuals lack the capability of providing sufficient goods on their own to subsist. A holistic approach to thinking and an emphasis on rational methodology and objectivity were major contributions from the research on Enlightenment philosophers. Thomas Hobbes’ social contract theory is a philosophical idea that underlies modern economic theory, discussed at length in the Enlightenment chapter. Both chapters will be accessible online and available for instructors to use separately or in conjunction with existing online chapters as precursors to the main, physical text.

## III. Medieval Arab-Islamic Thought

- Abu Yusuf
  - Taxation
    - Yusuf’s theories on taxation anticipated modern public finance.
  - Active Government
    - Yusuf identified the difference between excludability and non-excludability in property, demonstrating an early understanding of the concept of public goods.
- Ahmed Alberuni
  - Population-Food Dilemma
    - Alberuni’s work on the population-food dilemma foreshadowed Thomas Malthus’ population theory.

## IV. Medieval Arab-Islamic Thought

- Abū Hāmid al-Ghazālī
  - Just Price
    - Al-Ghazālī’s discussion of the just price predated more modern discussions of usury, monopoly prices, and adverse selection.
- Nasīr ad-Dīn Tūsī
  - Specialization and Division of Labor
    - Tūsī articulated the sources and outcomes of division of labor, recognizing that specialization helps bind society together.
- Ibn Khaldūn
  - Role of Government
    - Khaldūn’s comments on the state anticipated modern public choice theory, which examines economic explanations for how government officials behave.

## V. Enlightenment Philosophers

- Thomas Hobbes
  - Social Contract Theory
    - Humans are in a state of nature that can be left by entering into a social contract. A social contract exists when individuals collectively give up some rights to a ruling body while maintaining others. In modern economics, well-defined rights, including property rights, are seen as critical to a properly functioning economy.
- Jean-Jacques Rousseau
  - Adverse Selection
    - Rousseau recognized problems of inadequate information and its effects on the market, anticipating the modern concept of adverse selection.
  - Specialization
    - Though favoring self-sufficiency, Rousseau acknowledged the proclivity for and benefits from specialization.

## VI. Enlightenment Philosophers

- John Locke
  - Quantity Theory of Money
    - Locke found there to be an inverse relationship between the value of money and the quantity of it in circulation.
  - Value Theory
    - There are two values a commodity can have: use value and exchange value. Locke’s analysis anticipated the model of supply and demand.
  - Property Rights
    - Property rights are established when value is created through production.
- René Descartes
  - Cartesian Coordinate System
    - The Cartesian coordinate system underlies modern graphical analysis in economics.