

**Timur Kuran**

**The Long Divergence:**

**How Islamic Law Held Back the Middle East**

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Up to the middle of the 16<sup>th</sup> century Middle East, represented by the Ottoman Empire, was at par with Europe, if not superior to it, in the field of politics, economy, science and technology. But after that the graph of Europe started going up and that of the Ottomans began to slide downward and the gap became wider and wider. There is no doubt that an investigation into the causes of divergence between the West and the Middle East in economic, political and scientific spheres is a pertinent theme to be pursued. In his recent work *The Long Divergence: How Islamic Law Held Back the Middle East* Timur Kuran first presents this 'reversal of fortune' as a 'grand puzzle'. Then he tries to solve this 'mystery'.

Kuran is an author well-known in the circle of Islamic economists for his relentless attempts to correct certain courses of development in the discipline. Although it is not necessary to agree with him, one can learn some lessons from his writings.

The gist of *the Long Divergence* is that when the West gradually made the transition from medieval to modern economic institutions, corporations, banks, and big trading companies, which could assemble greater capital and survive longer, played the vital role in its development. Since certain provisions of Islamic Law resulted in fragmentation of assets, they proved to be impediments in the way of accumulation of capital and formation of corporations. Thus, Kuran

focuses mainly on 'commerce and finance, two areas in which the Middle East fell conspicuously behind' and blames Islamic law for this failure (p. 7).

In his preface the author tells us that 'the entire project was supported by the King Faisal Professorship in Islamic Thought and Culture at the University of Southern California', which he held between 1993 and 2007, 'and by the Gorter Family Professorship in Islamic Studies at Duke University', which he has held since 2007 (p. xv).

*The Long Divergence* is a dense volume. The main text of the book spreads over about 300 pages, in addition to Preface which consists of 8 pages, and notes, references and index which comprise more than 100 pages. It is composed of four parts containing fourteen chapters in total.

The first part introduces the puzzle which the author aims to solve in this book. In his own words: "around the year 1000, commercial life in the two regions did not differ palpably". ..... " As the institutional complex of the West gave rise to progressively more advanced commercial and financial institutions, that of the Middle East produced organizational stagnation within those sectors beyond direct state control. The institutions under which Middle Easterners borrowed, invested, and produced did not spawn more advanced institutions; they did not galvanize structural transformations that enabled those functions to be performed more efficiently" (p. 5). Thus, he considers absence of 'commercial and financial institutions' as the main reason behind the fall of Middle East. Occasionally he commends certain provisions of Islamic Law, especially its egalitarian aspect and relevance in the first millennium, but more often than not he is unable to hide his disgust. To him Islam is "a religion now widely viewed as a source of backwardness, ignorance, and oppression" (p. xiv)! It may be noted that similar picture of Islam was presented in Medieval Europe. The author must be aware of the motive behind such painting.

The second part deals with legal institutions which are responsible in the author's opinion for the economic backwardness and organizational stagnation of the Middle East. These include the Islamic inheritance system, polygamy, prohibition of *riba* (interest) in lending and borrowing, specific partnership rules, absence of the concept of legal person, rigid *waqf* provision and death punishment for apostasy. In his opinion, even the *hajj* proved an obstacle.

Following is the summary of his arguments: The Islamic inheritance system tended to fragment the estates of successful business. So was the effect of polygamy, under which the wealth was dispersed among numerous claimants. The ban on usury made it difficult for merchants to obtain credit and suppliers

to lend money. The bar on interest also meant that banks could not emerge. The punishment for apostasy made it impossible for Muslims to do business with non-Muslims. The *mudarabah* and Islamic partnership could be terminated at will by any partner. The death of a partner also dissolved the partnership. To him, *waqf* institution could solve the problem of wealth fragmentation but it created other problems. 'The inflexibility of *waqfs* became an obvious handicap only with industrialization, whose new technologies created a need for reallocating vast resources quickly'. The *hajj*, the Islamic pilgrimage foreclosed 'stimulus to economic modernization'. 'Considered a sacred tradition, the Islamic pilgrimage could not have evolved as freely as secular fairs. An attempt to modify its location, duration, frequency, or timing according to the solar year would have provoked charges of sacrilege.' (p. 7).

In the third part, the author visualizes how foreign and local Jews and Christians benefited economically from Islam's legal pluralism which gave them choice of law and of following their own legal system. They benefited from this privilege and followed either system which they found in their economic interest. When the Westerners established modern economic institutions in the region, they were the first in adopting the institutions and in forming alliances with them.

He also discusses the origin and consequences of capitulations, which was a discrimination against the natives.

The final part is conclusion in which the author summarizes his arguments and presents his claim of solving the puzzle - the reason for the long divergence between the economic achievements of the West and backwardness of the Middle East. The author ends his book at 'the good news' that the region now has borrowed the key economic institutions of modern capitalism.

Mr. Kuran's diagnosis and remedy of the long divergence can convince only those readers who are not aware of the economic, political and intellectual history of the two regions – the Middle East and the West. It is not correct to say that the existence of commercial institutions like business corporations and banks caused the development of the West, and their absence in the Middle East resulted in the decline of the region. In fact these economic institutions were effects of some other stronger factors. They may have enforced and reinforced themselves later.

What were those factors? Scientific discoveries, use of machines, and improvements in production techniques and changes in composition of crops, rapid increase in production, availability of surplus product for trading purpose,

invention of printing press, discovery of a new world that provided new markets, establishment of colonies as a source of raw material and ready market for finished products, and a newly discovered all water route of European trade through the Cape of the Good Hope are some of the important factors that boosted Western economies, and directly or indirectly helped them establish corporations, maritime trading companies and banks. From all these fronts the Middle East was completely absent. Over and above, in the West, it was the state that supported emergence of business corporation and mercantilism in every possible way. Western governments encouraged foreign trade, provided it protection, granted monopolies to the native trading companies and supported them with a number of legislations. Protection provided by the government to industry and foreign trade and capitulation obtained in Muslim governments provided a strong support to mercantilism. On the contrary, some of the Muslim rulers engaged in trading. They monopolized it for their personal gain which had a discouraging effect on common traders. Remaining more than two centuries active in maritime trade before the European Mercantilism started rising in the 16<sup>th</sup> century, the Kārimī merchants of the Middle East, who had wealth like kings (Labib, 1990, 4: 641), were wiped out due to these policies of the government, not because of distribution of their business among children and wives. Sources of the period state that whenever a business man grew bigger and stronger, he was suppressed and his property was confiscated (Ibn Iyas, 1960, Vol. 4, p. 443).

The Middle East lacked surplus produce to run any corporation (Cahen, 1970, p. 35). The Ottoman state did not encourage surplus production. Sometime it did not hesitate to punish such producers, because they caused reduction of import duty (Çizakça, 2000, 17).

The maritime exploration was stopped. The ship building industry of the Muslim government could not match their Western rivals (Lewis, 1982, p. 38). Whatever navy force the Ottomans had, they used it for war purposes. They could not spare it for navigations and explorations.

While Europe swept forward in trade, science and technology, Middle East governments did not pay attention to developing and modernizing their agriculture, industry, and trade. The main concern of major European countries was how to acquire the largest share of what was commonly seen as a more or less fixed volume of international trade and how to obtain a favorable balance of trade and a net import of bullions and precious metals. But the Ottomans were content with the war booty, tributes from European suzerainty, government domain, taxes and remittance (*irsaliyat*) from rest of the Middle East. The truth is that when 'the English, the Dutch and other west Europeans

were on their way to developing modern commercial organization' (p. 65) with the support of their governments, Muslim rulers, be it Ottoman, Safawid or Mughals, did not realize the growing power of Europe and its economic, political and scientific foundations. They did nothing to modernize their own economic and intellectual institutions.

There is hardly any information found in the relevant sources of the period whether agriculture made any change over the years in Egypt, the biggest agricultural economy in the Middle East, or for that matter anywhere in the Muslim ruled countries. The condition of industry was also not very different. Industrial revolution was nowhere in sight in the Middle East.

In the declining phase of intellectual exercises the dominating features were imitation, repetition, reproduction, writing commentary, commentary-over-commentary, emphasis on traditional education, etc. Printing press was little by little introduced in the Middle East after passage of two centuries on its invention in Europe. When the West was establishing Oxford and Cambridge Universities, the East was busy in construction of palaces, Taj Mahal and Red Forts. The rulers of the region built several magnificent mosques but they did not establish an institution of the level of Jami` al-Azhar or Jami` al-Zaytunah for advanced education of Islamic sciences, not to speak about the scientific education.

Ottomans who controlled the Middle East did not keep an eye over what developments were taking place in the West in the field of scientific development, exploration, intellectual development, mechanization of the economy. They did not think to establish institutions for research and development (R and D). They bestowed upon the European merchants the capitulation but got no such concession for their own subjects (Hurewitz, 1987, Vol. I. P.1). The author rightly states: "If in 1680 Turkish merchants were absent from Marseille, one reason is that Ottoman sultans did nothing significant to facilitate their ventures into western Europe" (p. 270) and "When economic modernization took off in the nineteenth century, states were in the lead on various fronts" (p. 299). Had the state played its role in economic and scientific development of the region three centuries earlier, it would not have seen the 'long divergence'.

In fact, development of business incorporations, banks, and other commercial institutions in the Middle East cannot be separated from overall development in the region. Thus, Mr Kuran's analysis is partial and defective. He confuses between the cause and effect. To find out real causes of the fall of Middle East and the long divergence a holistic approach is needed.

Twentieth century developments in the Middle East prove inaccuracy of Kuran's thesis. Now the Middle East has big corporations, banks, investment trusts, industries, commercial exhibitions, etc. and all these without any amendment in the Islamic Law.

The author's analysis is based on deficient understanding of the Islamic Law. There is no doubt that if an established corporation is divided among a number of inheritors, it is likely to disintegrate. But in the Islamic Shariah there is provision of joint ownership (*shirkat al-amlak*). In the case where distribution of inheritance could harm an established business, joint ownership might have been maintained. Such a practice in landed property was existing since long time. Also a person entitled of a share in an inheritance could have been persuaded to relinquish his/her right by accepting a compensation. The author himself notes that the Islamic inheritance system was circumvented through different ways (P. 80).

As far *hajj* is concerned, it is a form of worship and one of the five pillars of Islam. The author is unable to understand its spirit. Let it remain worship. The Islamic Law never prohibits holding commercial fairs at different occasions, at different places, and in different seasons if there is such a need.

Most of the rules of partnership and waqf are based on *ijtihad*. They could have been amended and adjusted as it has been done at present. But during the period of the Middle East's decadence, firstly such need did not arise. Secondly, the door of *ijtihad* remained closed (Ibn Nujaym, 1980, p. 87). The author mentions one possibility of stagnation as "closing of the gate of innovation (*ijtihad*)", but immediately he ignores this cause saying that "In fact, Islamic law never became literally frozen (p. 125). True, examples of some adjustment in Islamic *fiqh*, and a low profile *ijtihad* may be found. It was exercised only when it was inevitable, but to a very limited extent within a particular school of jurisprudence, not like the one we find today at individual and collective level. Of course, its ground was prepared by scholars like Shah Wali-Allah (d. 1762) of Delhi, Muhammad Ibn Abd al-Wahhab (d. 1792) of Arabiah, Ali al-Shawkani (d. 1834) of Yemen and their followers.

The author takes the meaning of apostasy very lightly. Socio-economic and legal reform within the permissible limit is never considered as apostasy. The author has rightly criticized the capitulation system (p. 209). But it has nothing to do with the Islamic Law.

The desire and effort on the part of practicing Muslims to avoid interest and have Islamic banking is not a product of 'the mid-twentieth century for reasons

of identity protection' (p. 300). This is oft repeated assertion of the author in his writings. Dr. Muhammad Hamidullah (1955) reports that by the end of nineteenth century Muslims of Hyderabad had interest-free credit society which continued till the fall of Hyderabad in the mid twentieth century. Again, it was not 'for reasons of identity protection'. Rather it was an attempt to practice economic life in the Islamic way. One should not belittle its importance by calling it "a commitment to traditional economic life".

On P-148 the author observes:.....an Ottoman sultan limited the annual rate of interest to 11.5 percent throughout the empire, though only on transactions that satisfied the letter of the ban through stratagems; this order was duly ratified by a legal opinion (*fatva*) (p. 148). Now the question is what prevented the Ottoman sultan to establish banks if interest was permitted. Why did the Ottomans wait for banking till 1850s? The author does not realize the contradiction in arguing that interest prohibition affected trade and banking and then stating that it was legalized. He does not document his statement properly. It appears that he bases his arguments on some of the cases of violation of interest prohibitions in Ottoman courts and makes it as a common case (P. 149). No reference has been provided for his statement that ' a cash *waqf* produced income by lending at interest' (p. 158).

It is not correct to say that "Mercantilism was indifferent to faith" (P. 262). In fact rise of Mercantilism was marked with Muslim enmity, protection of Christian faith and desire to re-conquer the Holy Places (Islahi, 2008). Historians of economic thought have explored the factors that helped the development of mercantilism. It started with religious zeal, missionary spirit and crusading objectives (Kirk, 1964, pp. 63-64; Heaton, 1948, p. 241; Lewis, 1976, p. 203; 1982, pp. 33-34), though later it transformed into an economic movement. It was the religious objective and missionary zeal that provided support for the growth of mercantile activities in Europe.

On page 165, the author states: "Almost all of the fifty-six members of the Organization of Islamic States treat interest as legal". He ignores official proclamation of Pakistan, Iran, Sudan and some other countries. We never heard an organization of this name. There had been the Organization of Islamic Conference (O.I.C.) which has recently been transformed as Organization of Islamic Cooperation.

Typographical accuracy is, no doubt, of the Western standard but the word 'privileges' has been mistyped as 'priviledges' on page 22. Similarly, '*diyya*' (blood money) on page 106 should be '*diya*' [*diyah*] (like '*hiba*' or '*hibah*'). This error betrays the author's unfamiliarity of Arabic language, the most important

language of the Middle East and the Islamic Law - the focus of this book. This is also clear from the very long list of references which includes no original work in the Arabic language. This handicap leaves rooms for doubt about the authenticity of some of the author's statements regarding Islamic law. Many such examples can be presented.

At occasions, the style of the book turns polemic, sarcastic and provocative, typical of "anti-Islamist". Inconsistency and contradictions are also noticed in some statements.

The author ends his work with a "good news" that "the region borrowed the key economic institutions of modern capitalism sufficiently long ago to make them seem un-foreign, and thus culturally acceptable, even to a self-consciously anti-modern Islamist" (P. 302). But the copying of some capitalist institution cannot mend this divergence, unless they surpass the West in spirit of investigation, scientific experimentations, work ethics, and regain many other qualities which they have lost during the long period of decadence. What is revealing at the end is that under his thesis of the long divergence and holding Islamic law as responsible for it, he wants to promote a debate regarding Islam's "relevance to the present" (P. 302). In the opinion of this reviewer, twenty-first century developments in general and the recent changes in the Middle East in particular have taken the question of Islam's "relevance to the present" beyond any debate.

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