

ECONOMIC HISTORY AND MODERNIZATION OF THE ISLAMIC MIDDLE EAST

Duke University

Economics 306, Political Science 351, Economics 556

Spring 2017

Timur Kuran

Classes: Wednesdays, 8:45-11:15, SS 119

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Objectives

This course offers an introduction to the economic history of the Middle East from the advent of Islam fourteen centuries ago to the modern era. It has four main objectives. First of all, it will familiarize you with the institutions that have governed the pace and characteristics of economic development in the region. Second, it will examine particular transformations and selected cases of inertia to derive lessons about the mechanisms that govern economic development and modernization in general. As such, it will provide insights applicable to other regions of the world, in both the past and present. Third, the course will investigate how religion shaped the region's economic transformation; in particular, it will identify the mechanisms through which Islam contributed to specific historical patterns, including periods of economic dynamism and the region's slip, around the eighteenth century, into a state of economic underdevelopment from which it has yet to recover. Fourth, the course will identify the social forces driving the contemporary rediscovery and reinterpretation of Islam, partly under the rubric of Islamism, also known as Islamic fundamentalism.

The course is organized around topics that present intellectual puzzles, including ones that have preoccupied scholars for generations. Within each topic the goal is to learn not just what happened but also, and more important, why the region's economic history unfolded as it did. In other words, the emphasis is on analysis rather than description. In pursuit of our analytical goal, we will draw comparisons with other parts of the world, including western Europe, the Indian subcontinent, and East Asia.

Class sessions

We will meet once a week for two back-to-back sessions separated by a ten-minute break. Regular attendance is essential to success in the course. Only by attending lectures, and participating in discussions, will you be able to master the topics to be discussed. In any case, lectures will go beyond the readings, and they will contain ideas unavailable through published sources. Keeping up with the readings is essential, of course, to following the lectures. The lectures cannot cover everything discussed in assigned readings, and I will assume that you have read and understood the reading assignments.

Discussion and debate enhances the learning process, so students are encouraged to ask questions and offer opinions. I will sometimes start a topic, in fact, by challenging the class to anticipate key mechanisms, relationships, or outcomes, or to suggest analytical approaches to cracking the historical puzzle at hand. Given the size of the class, it will be necessary to limit discussion in the interest of maintaining the pace and covering key concepts. When we are short of time, and multiple students want to speak, those who have spoken less will have priority.

The reading assignments include two pieces (one for each half of the course) that will not be discussed in class. The midterm will contain a question concerning the first, and the final will contain a question related to the second. These questions will be designed to test whether you can apply the discussed themes to new empirical contexts.

Audiotaping or videotaping of the class sessions is not allowed.

Prerequisite, exams, grading

Economic Principles (Econ 101 or its equivalent) is a prerequisite for this course. Requirements include an in-class midterm exam (March 1), a final examination (May 1, 7-10 PM), and a paper due before reading period, on April 26, 11:30 PM. The course grade will be based on a weighted average of the tests, paper, and class performance: (0.25) (midterm grade) + (0.35) (final grade) + (0.30) (paper grade) + (0.10) (class attendance and performance). The paper grade is broken down as follows: 0.02 (proposal) + 0.04 (organizational draft) + 0.24 (paper) = 0.30 .

Taking the exams is mandatory. The time of the tests cannot be moved for anyone, except in the event of a *documented* grave emergency (e.g., death in the family, hospitalization, illness requiring immediate attention of a physician). Unacceptable excuses for missing a test include: athletic function, malfunctioning automobile, job interview, temperamental alarm clock, non-refundable airline ticket, and uncooperative weather. Special arrangements may be made for disabled students working through Disabilities Services @ (919) 668-1267.

Exams will be graded with care for analytical sophistication, originality, accuracy, coherence, clarity, and comprehensiveness. No credit will be given for repeating a question, and penalties will be imposed for invoking facts or theories irrelevant to the question at hand. Requests for regrading

will be accepted only if accompanied by a *clear* and *written* justification for the request. Regrading will not be limited to the specific question whose scoring is being challenged. The entire exam will be regraded, and the exam score may go up or down.

Teaching assistants

Kathryn Alexander (kathryn.j.alexander@duke.edu), Andrea Kiss (a.kiss@duke.edu), and Ündes (Tusi) Wen (wenderse@gmail.com), three Ph.D. candidates, will serve the course as teaching assistants. Each will hold weekly office hours and assist students with developing a paper topic, organizing the argument, and identifying appropriate sources. Their office hours:

Kat: Wed, 11:30-1:30, Perkins Café.

Andrea: Friday, 11-1, Perkins Café.

Ündes: Thursday, 3-5, Gross Hall, 3rd floor, grad student cubicles.

Writing help and library services

Your research paper for the course will draw on scholarly writings. For help with identifying sources, you may consult Sean Swanick, Middle East and Islamic Studies librarian at Perkins. He can be reached at sean.swanick@duke.edu. Dr. Swanick has prepared a library guide for the course, which is accessible through the course Sakai site.

For specialized help with writing, you may consult the Thompson Writing Program (<http://twp.duke.edu/twp-writing-studio>). Scheduling an appointment is advised.

Readings

Most of the selected readings consist of journal articles and book chapters, of which many are included on the Sakai site for the course (listed as ECON.306.01.S17, to which all registered students have login privileges). Two books, both of which will be covered extensively, are available at the Textbook Store: Kuran, *Long Divergence*; and Kuran, *Islam and Mammon*.

Authors of the readings include not only economists but also political scientists, legal scholars, and historians. The readings have been selected partly to familiarize you with a variety of research techniques used to study the past: (1) archival data collection, (2) empirical testing, (3) textual criticism, and especially (4) institutional analysis.

Certain readings will address politically controversial and socially sensitive issues from multiple angles. Within the time constraints of the course, you will gain exposure to competing perspectives through influential writings of their leading exponents.

The required readings are starred. The rest are highly recommended. Depending on student interest, minor adjustments may be made to this reading list.

Paper requirement

Instructions regarding the paper will be given as the course progresses. The expected length is 3500-4000 for students taken the course as Econ 306 or Poli Sci 351, and 5000-6000 words for students taking it as Econ 556. The key deadlines are as follows:

February 15, 11:30 PM: 2 page proposal due (e-copy, Sakai dropbox)

March 22, 11:30 PM: 1250-1500 word organizational outline due (e-copy, Sakai dropbox)

April 26, 11:30 PM: *Paper copy* of final paper due in my mailbox (Econ or Political Science), + *electronic copy* to Sakai dropbox

Missing a deadline (except in case of documented grave emergency) will result in a grading penalty, which will be proportionate to the length of the delay.

Course outline

L: On reserve at Perkins Library • T: available at textbook store • *: Required reading

BACKGROUND on Middle East, Islam, Ottoman Empire

L Fazlur Rahman, *Islam*, 2nd ed. Chicago: University of Chicago Press, 1979.

L Bernard Lewis, *The Middle East: A Brief History of the Last 2,000 Years*. New York: Scribner, 1995.

L Colin Imber, *The Ottoman Empire*. New York: Palgrave Macmillan, 2002.

I. PUZZLES OF MIDDLE EASTERN ECONOMIC DEVELOPMENT

Charles Issawi, "The Modern Middle East in the World Context," in *The Middle East Economy: Decline and Recovery*, by the author (Princeton: Markus Wiener, 1995), pp. 1-30.

*Maxime Rodinson, *Islam and Capitalism*, trans. Brian Pearce (New York: Pantheon, 1972; orig. French ed. 1966), pp. 1-57 + 68-75 (pp. 76-117 recommended).

*Bernard Lewis, *The Muslim Discovery of Europe* (New York: W. W. Norton, 1982), chaps. 1-2, 7.

T Timur Kuran, "Islam and Underdevelopment: An Old Puzzle Revisited," chap. 6 in *Islam and Mammon: The Economic Predicaments of Islamism* (Princeton: Princeton University Press, 2004).

T* Timur Kuran, *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton: Princeton University Press, 2011), chaps. 1-2.

II. MEDIEVAL MIDDLE EASTERN ECONOMY

Stelios Michalopoulos, Alireza Naghavi, and Giovanni Prarolo. 2016. "Islam, Inequality, and Pre-Industrial Comparative Development." *Journal of Development Economics*, 120 (2016): 86-98.

*K. N. Chaudhuri, *Trade and Civilization in the Indian Ocean: An Economic History from the Rise of Islam to 1750* (New York: Cambridge University Press, 1985), chap. 2 (chap. 1 recommended).

T * Timur Kuran, *Long Divergence*, chaps. 3-4.

*Jared Rubin, "Bills of Exchange, Interest Bans, and Impersonal Exchange in Islam and Christianity," *Explorations in Economic History*, 47 (2010): 213-27.

Abraham L. Udovitch, "Bankers without Banks: Commerce, Banking, and Society in the Islamic World of the Middle Ages," in *The Dawn of Modern Banking*, edited by the Center for Medieval and Renaissance Studies, UCLA (New Haven: Yale University Press, 1979), pp. 255-73.

*Abraham L. Udovitch, "Islamic Law and the Social Context of Exchange in the Medieval Middle East," *History and Anthropology*, 1 (1985): 445-65.

III. INSTITUTIONAL STAGNATION: TRADE AND FINANCE

L Edwin S. Hunt and James M. Murray, *A History of Business in Medieval Europe 1200-1550* (Cambridge: Cambridge University Press, 1999), chap. 5.

* Timur Kuran, *Long Divergence*, chap. 5.

Henry Hansmann, Reinier Kraakman, and Richard Squire. "Law and the Rise of the Firm." *Harvard Law Review*, 119 (2006): 1335-1403.

L Thabit A. J. Abdullah, *Merchants, Mamluks, and Murder: The Political Economy of Eighteenth-Century Basra*. New York: State University of New York Press, 2001.

L *Nelly Hanna, *Making Big Money in 1600: The Life and Times of Isma'il Abu Taqiyya, Egyptian Merchant*. Syracuse: Syracuse University Press, 1998, chaps. 3-4, 7-8.

Pauline Grosjean, "The Institutional Legacy of the Ottoman Empire: Islamic Rule and Financial Development in South Eastern Europe." *Journal of Comparative Economics*, 39 (2011): 1-16.

L Timur Kuran (ed.), *Social and Economic Life in Seventeenth-Century Istanbul: Glimpses from Court Records*, vol. 2 (Istanbul: İş Bank Publications, 2010).

Independent reading before midterm:

*Margaret L. Meriwether, *The Kin Who Count: Family and Society in Ottoman Aleppo, 1770-1840* (Austin: University of Texas Press, 1999), chap. 4.

IV. CHOICE OF LAW: ECONOMIC CONSEQUENCES

- Charles Issawi, "The Transformation of the Economic Position of the *Millets* in the Nineteenth Century," in *Christians and Jews in the Ottoman Empire*, ed. Benjamin Braude and Bernard Lewis, volume 1 (New York: Holmes and Meier, 1982), pp. 261-85.
- *Najwa Al-Qattan, "Dhimmi in Muslim Court: Legal Autonomy and Religious Discrimination," *International Journal of Middle East Studies*, 31 (1999): 429-44.
- L Mark R. Cohen, *Under Crescent and Cross: The Jews of the Middle Ages* (Princeton: Princeton University Press, 1994), pp. 77-103.
- T* Timur Kuran, *Long Divergence*, chaps. 9-10.
- *Timur Kuran and Scott Lustig, "Judicial Biases in Ottoman Istanbul: Islamic Justice and Its Compatibility with Modern Economic Life," *Journal of Law and Economics*, 55 (2012): 631-66.
- Cihan Artunç, "The Price of Legal Institutions: The Beratlı Merchants in the Eighteenth-Century Ottoman Empire," *Journal of Economic History* 75 (2015): 720-48.

V. PROVISION OF PUBLIC GOODS: STATIC AND DYNAMIC EFFECTS

- T* Timur Kuran, *Long Divergence*, chaps. 6-7.
- L Yaacov Lev, *Charity, Endowments, and Charitable Institutions in Medieval Islam*. Gainesville: University Press of Florida, 2005 (chaps. 1, 3, 4, 6).
- *Jon E. Mandaville, "Usurious Piety: The Cash Waqf Controversy in the Ottoman Empire," *International Journal of Middle East Studies*, 10 (1979): 289-308.
- L Amy Singer, *Constructing Ottoman Beneficence: An Imperial Soup Kitchen in Jerusalem*. New York: State University of New York Press, 2002.
- L Timur Kuran (ed.), *Social and Economic Life in Seventeenth-Century Istanbul: Glimpses from Court Records*, vols. 5-8 (Istanbul: İş Bank Publications, 2011).
- Maarten Bosker, Eltjo Buringh, and Jan Luiten van Zanden. "From Baghdad to London: Unraveling Urban Development in Europe, the Middle East, and North Africa, 800-1800." *Review of Economics and Statistics*, 95 (2013): 1418-37.
- *Toby E. Huff. *The Rise of Early Modern Science: Islam, China and the West*, 2nd ed. Cambridge: Cambridge University Press, 2003 (chap. 5).
- L Pervez Hoodbhoy, *Islam and Science: Religious Orthodoxy and the Battle for Rationality* (London: Zed Books, 1991), chap. 11.

VI. INSTITUTIONAL MODERNIZATION

- * Timur Kuran, *Long Divergence*, chaps. 8, 11-14.
- L Roger Owen, *The Middle East in the World Economy, 1800-1914*, rev. ed. (London: I. B. Tauris, 1993), pp. 1-82.
- Stanford J. Shaw, "The Nineteenth-Century Ottoman Tax Reforms," *International Journal of Middle East Studies*, 6 (1975): 421-59.
- * Seven Ağır, "The Rise and Demise of Gedik Markets in Istanbul, 1750-1860," *Economic History Review* 70 (2017): in press.

- * C.G.A. Clay. “Western Banking and the Ottoman Economy before 1890: A Story of Disappointed Expectations,” *Journal of European Economic History*, 28 (1999): 473-509.
- *Iris Bohnet, Benedict Herrmann, and Richard Zeckhauser, “Trust and Reference Points for Trustworthiness in Gulf and Western Countries,” *Quarterly Journal of Economics* 125 (2010): 811-28.
- Mohamed al-Ississ and Iris Bohnet, “Does Insurance Increase Trust? Experimental Evidence on Institutional Design in Jordan and the United States,” working paper, Harvard University, September 2011.

Independent reading before final exam:

- * Şevket Pamuk, “Institutional Change and the Longevity of the Ottoman Empire,” *Journal of Interdisciplinary History*, 35 (2004): 225-47.

VII. THE ECONOMIC AGENDA OF CONTEMPORARY ISLAMISM

- Sayyid Abul-Ala Mawdudi, *Nations Rise and Fall—Why?* (Lahore: Islamic Publications, 1976; orig. Urdu ed., 1947).
- T *Timur Kuran, *Islam and Mammon: The Economic Predicaments of Islamism* (Princeton: Princeton University Press, 2004), chaps. 1, 4.
- L *Mahmoud A. El-Gamal, *Islamic Finance: Law, Economics, and Practice* (Cambridge: Cambridge University Press, 2006), chaps. 1-3.
- Feisal Khan, “How ‘Islamic’ is Islamic Banking?” *Journal of Economic Behavior and Organization* 76 (2010): 805-20.
- Murat Çokgezen and Timur Kuran, “Between Markets and Islamic Law: The Evolution of Islamic Credit Cards in Turkey.” *Journal of Comparative Economics*, 43 (2015): 862-83.
- Aslı Demirgüç-Kunt, Leora Klapper, and Douglas Randall, “Islamic Finance and Financial Inclusion: Measuring Use of and Demand for Formal Financial Services among Muslim Adults.” World Bank Policy Research Working paper, October 2013.
- United Nations Development Programme, Arab Fund for Economic and Social Development, *Arab Human Development Report 2002* (New York: United Nations, 2002).

FINAL: May 1, 2017, 7-10 PM