C

ritics of the “backwardness” of the Middle East – in living standards, technology and legal and financial institutions – often point the finger at imperialists. Through practices known as “capitulations,” specified in treaties which allowed Westerners (or their agents, many of whom were Greek, Armenian or Jewish) substantial discretion in conducting commercial transactions and avoiding proceedings in Islamic courts, they argue, the English and French plundered the region and retarded the process of modernization.

This interpretation, according to Timur Kuran, a professor of Islamic studies at Duke University, “misses vital ingredients of the historical record.” The decline of the Middle East (defined to include the Arab countries, Iran, Turkey and the Balkans), whose economy rivaled that of Europe in the year 1000, he claims, was due neither to colonialism nor an inherent incompatibility between Islam and capitalism. It occurred because medieval Muslims adopted laws, regulations and organizational forms for economic activity that served laudable purposes, but became self-reinforcing and self-perpetuating.

As entrepreneurs in the West developed institutions to facilitate saving, borrowing, investing, producing and trading, their counterparts in the Middle East ran – or walked – in place. As a consequence, by 1750 the trading, their counterparts in the Middle East ran – or walked – in place. As a consequence, by 1750 the pur-

triments and a massive Islamic finance sector now flourish throughout the Middle East. And no substantive impediments now exist to additional legal transplants.

A conservative religious ethos, according to Kuran, cannot be a fundamental cause of the failure of the Middle East to catch up. Were conservatism “a significant factor,” he maintains, without adequate elaboration, “adjustments would lag across the board.” Perhaps. But one might argue as well that poorly organized and fragile civil societies; corrupt bureaucracies; a trust in strangers and organization, “essential to impersonal exchange,” that is low in comparison to the West; resistance to learning and borrowing from abroad; and the limited rhetorical toolkit of advocates of globalization are caused, directly or indirectly, by that very religious ethos. Perhaps debates over the key institutions of modern capitalism can be conducted, even by self-consciously anti-modern Muslims, “in isolation from public controversies over what Islam represents.” Given the current political realities in the region, the all-encompassing rhetoric of Islamic fundamentalists and “sterile” (but widespread) discussions of the role of Islam in solving problems of poverty and powerlessness, however, it’s by no means a safe bet.

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