

Institutional Roots of Economic Underdevelopment in the Middle East

Timur Kuran, Duke University

Abstract

Though economically advanced in the Middle Ages, the Middle East was exhibiting clear signs of economic backwardness by 1700. The reason for this transformation is that key components of the region's legal infrastructure stagnated as Western Europe experienced economic modernization. Among the institutions that generated evolutionary bottlenecks are the Islamic law of inheritance, which inhibited capital accumulation; the absence in Islamic law of the concept of a corporation, which hindered the exploitation of advanced technologies; and the waqf (vakıf), which, for all its advantages, locked vast resources into unproductive organizations for delivering social services. These obstacles to economic development were largely overcome through radical reforms initiated in the nineteenth century. Nevertheless, traditional Islamic law remains a factor in the Middle East's ongoing economic disappointments. The lasting consequences of traditional Islamic law include the weakness of the region's private economic sectors and its human capital deficiency.

Background Info

Timur Kuran is Professor of Economics and Political Science, and Gorter Family Professor of Islamic Studies at Duke University. His research focuses on social change, including the evolution of preferences and institutions. He is a leading authority on the economic history and thought of the Middle East. His current projects include a study of the role that the region's traditional institutions played in its slip into a state of economic and political underdevelopment. Among his publications are *Private Truths, Public Lies: The Social Consequences of Preference Falsification* (Harvard University Press); *Islam and Mammon: The Economic Predicaments of Islamism* (Princeton University Press); *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton University Press, due October 2010); and an eleven-volume edited work, *Mahkeme Kayıtları Işığında Onyedinci Yüzyıl İstanbul'unda Sosyo-Ekonomik Yaşam / Socio-Economic Life in Seventeenth-century Istanbul: Glimpses from Court Records* (Türkiye İş Bankası Kültür Yayınları, first volume due July 2010). The first two books have each been translated into several languages, including Turkish. After graduating from Robert Lisesi in 1973, he went onto study economics at Princeton University (AB 1977) and Stanford University (Ph.D. 1982). Between 1982 and 2007 he taught at the University of Southern California. He was also a member of the Institute for Advanced Study in Princeton, the John Olin Visiting Professor at the Graduate School of Business, University of Chicago, and a visiting professor of economics at Stanford University. He is currently a member of the Executive Committee of the International Economic Association, edits a book series for Cambridge University Press, and serves on the editorial boards of five academic journals.