

## **What factors affected economic growth, stagnation and decline in Islamdom and the West c. 600-1700?**

This paper will discuss factors affecting these regions as a whole, rather than specifically Iraq, the Netherlands or Italy.

In the period c. 700 to c. 1100, the economic, and especially commercial, development of Muslim-ruled areas was facilitated by their constituting an almost unprecedentedly large trade area. As is well known, the House of Islam extended through the mountain systems of central Asia and north-western Africa, the highland grazing areas of central Iran and eastern Anatolia-- which favoured a nomadic way of life-- and also agricultural regions, largely based on irrigation, such as Iraq, Egypt, the Oxus region. The Islamic conquests opened up unprecedented opportunities for long-distance commerce: the east-west trade from China to Damascus, and again trade across the Indian Ocean and the Mediterranean-- for which Egypt was a focal point. Craft manufacture flourished in urban centres, from Marv, Rayy and Bukhara to Baghdad, Damascus, Cairo (founded c.970) and Cordova.

Trade was facilitated by their being, throughout this vast expanse, a single dominant-- we may say ruling-- community, the Muslims. The `Abbasid victory of 750 sealed the destiny of Islam as a predominantly universalist faith, with Arab moorings. Political boundaries were relatively unimportant compared with the sense of religious community.

There was considerable economic freedom in the sense that there was little state intervention. Early Islam harnessed the power of individuals and of the masses without a rigid class system or a heavy bureaucracy. It regulated without centralising, by means of religious commitment and Law (the Shari`a). This absence of significant boundaries within Islamdom facilitated the movement of resources, personnel and skills. It generated an outburst of commerce and culture. The economic boom of the Nile to Oxus region during the European `Dark Ages' was made possible by a social discipline that relied on individual conscience and a diffuse religious leadership in a relatively egalitarian society. The `ulama provided Islam w `a nongovernmental center' based on `communal self-help (and) close personal bonding' (Bulliet 1994: 167-8).

There was a significant degree of the Rule of Law due to the development of the Shari`a as legal system which applied throughout Muslim-ruled territories; indeed, it was what defined an Islamic state (then as now). And the Shari`a included rules about commercial transactions, property rights, inheritance, contracts and commercial partnerships. Commerce was facilitated by trust between members of the same new faith, by common laws and procedures for exchange, contracts, credit and property.{14}

(Indeed for Muslims, `living in accordance with god's law was the essence of religion... *shar`* was often used to mean religion in general' (Crone 2004: 8)).

Islam developed its own ideas about economic ethics. Muhammad had been a merchant, and commerce was more prestigious among Muslims than in Byzantium or early Europe. The Quran and hadith paid detailed attention to commercial transactions.

Trade was said to be more virtuous than cattle-rearing or manual labour, because of the benefits it bestows on others ('when you leave your house for the bazaar, do so with the intention of satisfying the wants of a Muslim', a hadith stated: cit. Goitein 1966: 227). Merchants even helped to mould religious theory and practice (Goitein 1966: 219), including the Shari`a itself. Commerce was a form of *jihad* (religious enterprise); to use one's profits for the benefit of one's extended family was seen as a form of almsgiving (*zakat*). There were high moral standards for the merchant; excessive profit was condemned along with usury. It was much as Adam Smith would have wanted. Skilled manual crafts, on the other hand, appear to have been equally esteemed in the Muslim world and in Europe.

There was even a nascent ideology of political economy, encapsulated in 'the circle of power': justice depends upon religion, religion depends upon coercive government (the ruler), the ruler depends upon his army, the army depends upon money, money depends upon agriculture, and successful agriculture requires a system of justice.

Abu Yusuf (731-98)'s *Book of Taxes (Kitab al-kharaj)* was the first known work on government by a Religious Jurist.<sup>i</sup> The Caliph must ensure that tax-collectors treat everyone alike; he must impose the Religious Code impartially. He should err on the side of leniency; tax-collectors must be strict but gentle. And, he goes on to say, justice in taxation increases prosperity; economic well-being depends upon good government (an Iranian idea). For, if the rate of taxation is unjust, land will fall into disuse. Fair taxation and the fair application of the Shari`a penal code will increase general prosperity, and therefore government revenues. But Abu Yusuf cites a hadith saying that prices should not be regulated because 'high and low prices depend on God'; though it is the Deputy's duty to manage the irrigation of Iraq. A somewhat 'free-market' approach became standard Islamic doctrine, though price regulation was frequently practised, and advocated by many writers. We find in Abu Yusuf the nucleus of a coherent attitude towards political economy.

eg Nizam al-Mulk (c.1018-92), Seljuk vizier and for long effectively in charge of W-Iran-Iraq region) described the ruler's role as to advance civilisation by 'constructing underground channels, digging main canals, building bridges, rehabilitating villages and farms, raising fortifications, building new towns; he will have inns built on the highways and schools for those who seek knowledge' (Rules, p.10). In other words he must look after the economic and the religious infrastructure.

Economic activity was probably also stimulated by the Muslim territories comprising a **multi-ethnic and multi-cultural society**. There was credal and ethnic diversity, and of course in this period significantly greater toleration of different belief systems than in Europe or Byzantium. Thus within this very large community intermediate groups flourished, in form both of Muslim sects (especially various forms of Shi`ism) and of other religious denominations, especially Jews and

Christians; and, again, in the form of ethnic minorities, such as the Armenians and Kurds, often with their own city 'quarters'. You did not have to be a Muslim to join in: from Spain to China, from the Mediterranean to the Volga, 'merchants of all confessions traversed the world' (Cahen 1977a: 327).

And yet from the 11th century onwards there was first economic (and cultural) stagnation, and then decline; at the very time when the European economy took off. The reasons of this are difficult to identify.

In general, Muslim societies seem to have developed into what Hodgson called 'military patronage' states (Hodgson 1974 3:39). In other words, the military functions and personnel of government tended to become dominant in society. As Cahen puts it, there developed (for example under the Mamluks) 'la domination sur l'Etat d'une aristocratie militaire qui d'un cote participait aux diverses formes de l'economie, mais qui de l'autre au monde besoin prenait des mesures coercitives incompatibles avec la sante d'elle' (1977a 363).

At the state level-- and this persisted in particular under the Ottomans, the Safavids and the Mughals-- Muslim rulers had traditionally regarded the state as their and their family-clan's benefice, and the people as clients under his protective and distributive patronage (the so-called patrimonial system of government). His powers are subject not to the intervention of others (far less to constitutional rules) but to the unwritten obligations of fatherly beneficence. This includes the duty-right to manage the economy for the benefit of the people ('estate-type domination' (Oakshott)).<sup>ii</sup> There were no formal limits on the ruler's power but it was assumed that his function was to look after his subjects, to protect them militarily and support them economically; their function was to serve and revere him. The power of the state rested solely upon the ruling house. Military-political power was concentrated in the dynasty and Sultan. He was held responsible for all aspects of public welfare and state management. But it is difficult to generalise about what changes there was in this respect between the period of Muslim economic growth and that of their decline. One may, however, refer here to that often-alleged cause of economic setbacks: the Mongol devastations. These do seem to have led, not unnaturally, to an increased militarization of the state (notably, under the Mamluks-- slave-soldiers-- the only regime which actually defeated the Mongols in full flood).

Here I think we have to look at the socio-political system as a whole; and if we do so, the first thing we notice is the contrast between the stirrings of constitutionalism in Europe, and unfettered monarchy in Islamdom (a cliché, I know, but true). There perhaps was a decline in the Rule of Law, which became from now on increasingly ineffective. Although sultans were in theory obliged to observe the Shari'a like all other Muslims, there was no mechanism to bring a sultan to book, except in the hereafter.<sup>{15}</sup> Crucially, I think, in Muslim states the ruler had in practice a *free hand over the lives and properties of his subjects*. 'No medieval Muslim ruler, or for

that matter governor or general, is on record as having gone to trial for having killed, tortured, jailed, or robbed innocent Muslims' (Crone 2004: 283). There was consequently an insecurity of property ownership, and inheritance of property, which was liable to arbitrary seizure by the ruler.

In this connection, I would refer to another, perhaps even more fundamental, contrast between the two societies in question. In Eur, extended family of the clan had to some extent been superceded, by about the 11th century, by nuclear families. Tribes had disappeared from Europe, except in peripheral areas, by the eleventh century.{4} This differentiated Europe from Islamdom, but also from most other cultures.

In Europe, tribe and clan were replaced at first by the lord-vassal relationship. And European feudalism gave greater security to tenants than its equivalent in the Muslim-ruled world. In Islamdom there was also an oath of fealty (*baya*), but this was not mutual; the sultan did not enter into any obligations to his subordinates. And it was not replicated down the social scale. The fief (*'iqta*) was not hereditary; land could be redistributed upon the death or disgrace of a tenant, or upon a change of sultan.{7} This was a significantly different version of the military-agricultural complex. And it is well known that it was the championing of property rights by the nobility (for example, in Magna Carta) that helped make more secure the property rights of others (including merchants and craftsmen).

Secondly, as is equally well known, in Europe, both clan and tribe were also replaced by territorial communities (villages, towns; also craft assocns or guilds) which had a very different character. Numerous associations arose out of sworn agreements between men of equal status, not necessarily kinsmen, to stand by and protect one another.{9} These oath-associations or communes were, as Weber (following Gierke, though without acknowledgment) said, peculiar to Europe. They facilitated the development of a new type of community based on neighbourhood and common interests: social and craft guilds, village and town communes-- and eventually city-states. These of course exercised a significant degree of corporate self-regulation, especially in economic affairs such as crop rotation, taxes and craft regulations. Such 'corporations' developed their own legal systems and political structures. Above all, perhaps, because (unlike a clan or tribe) they could initiate changes through agreed procedures (for example, deliberation in an assembly), they could more readily respond to changed circumstances. I would suggest that this (so to speak) socio-political infrastructure was a determining factor in the European economic take-off.

In the Muslim world, by contrast, cities were divided into districts housing different clan, local, tribal and sectarian groups, each with its own identity. There was no sense of *territorial* identity; the city was not a social or political entity. In a study of medieval Damascus, Chamberlain identified the great households as the leading social power. And Ibn Rushd defined the (for a very brief time) quasi-quasi-

`democratic' city-states of Cordova and Seville in his own time as precisely self-interested `household states'.

The clan and tribal systems functioned alongside the patrimonial state with its unfettered monarchy, because (as more recently perhaps in Afghanistan) the monarch provided the one and only focus of allegiance for otherwise disparate groups. But the idea of (say) tribal leaders, or leaders of different religious sects, collaborating to enforce the rule of law on the monarch was unthinkable. This, then, was a completely different version of the military-agricultural complex from that of Europe.

Thus, to give another example, we find the French travelling salesman in 17th-century Iran, Jean Chardin, saying that the Shah was `master pure and simple (a pur et a plein) of the lives and goods of his subjects'. He observed that in practice the absolute power of the monarch was used mainly over `the people of the court and the great ones (les grands)'; these are slaves rather than subjects, and the Shah `does not feel obliged to use ordinary methods in dealing with them'. Chardin's conclusion is interesting: `in Persia, as in no other country in the world, the condition of the great is the most perilous, their fate the most uncertain, and often deadly. On the other hand, the condition of the (common) people is much more secure and more pleasant than in some Christian countries'. The Persians, Chardin went on, `know the value of liberty'; for, when nobles were informed about the rule of law (sc. in Europe) which `protects the life and property of each against every sort of violence, they admire and envy the happiness of that land' (vol.5, pp.232, 236-7).

There was certainly, after the eleventh century and partly due to the Crusades, a decline in the practice of multi-culturalism and toleration by Muslim dynasties. These often started out relatively tolerant, perhaps because initially legitimacy derived from the militarily successful clan-dynastic ruler himself. But as time went on, dynasties tended to become less tolerant, because they came to depend for their legitimacy on their credibility as religious enforcers; and this, in the religious thinking of the time, meant cracking down on anything that could be perceived as offending a strict interpretation of Muslim orthodoxy. This was what happened to the Ottoman, Safavid and Mughal dynasties. Europe after around 1600 was of course divided between a relatively tolerant North and a less tolerant South; this too surely affected economic performance.

Let us also note that trade between Muslim and Christian lands was entirely in the hands of Europeans, mainly Italians, who acquired virtual monopoly of Mediterranean trade.

To these factors which come to mind when one compares the economic performance of Muslim-ruled territories and of Europe, one must add an argument of Claude Cahen. In his view, the medieval Muslim merchant economy was one of `speculation' (aiming to buy cheap and sell dear), and of `acquisition'. By this he meant that the aim of rulers and aristocracy was to acquire what they needed for their military power and luxury. Europeans, on the other hand, needed to export-- and therefore to produce-- surplus products in order to pay for the importa

of raw materials. One reason for this difference, in Cahen's view, was that the Muslims were better able to supply the needs of their own internal market from within; they did not need to import (say, raw materials). There was, therefore, less need to innovate in production (1977a: 363-5) to pay for these.

I would like to conclude by giving Ibn Khaldun's quite distinctive explain of the economic fortunes of different societies in Islamdom. Ibn Khaldun presented a theory of political economy, of economic growth, stagnation and decline. But he makes no comparison with, indeed no mention of, Europe, of which he seems signally unaware, indeed uninterested. This is surprising, given that lived on its fringes, and had spent time at Spanish courts. But it is, I fear, typical-- even in so great a thinker-- of Muslim provincialism.

Ibn Khaldun's celebrated theory of history and society was based on the primacy of the means of production. 'Differences of condition among people are the result of the different ways in which they make their living ... Some people live by agriculture ... others by animal husbandry' (p.91). Out of this recognition of the importance of what Marx would call the 'economic base (Bau)' sprang Ibn Khaldun's two fundamental social categories: *badawa* (wilderness life, primitive society, the wild) and *hadara* (cited life, civilised society). Both of these are 'natural' and 'necessary'.

A wilderness or tribal society, if it is to succeed, must have Group Feeling ('*asabiyya*). This crucial quality is defined as 'the affection a man feels for a brother or a neighbour when one of them is treated unjustly or killed' (in F.Rosenthal 2:1xxix). The 'tribal' group tends to aspire to dominate others under the leadership of its chief. But he, if he is supported by '*asabiyya*, he will proceed from chieftainship (*ri'asa*) to Kingship (*mulk*: Dominion) 'as something to be desired'. The tribal group will aspire to conquer the settled community. Its ruler will seek to create, or take over, the state.

But with *mulk* come certain social and psychological factors which inevitably lead to its own decline. Once you introduce Kingship, power is concentrated in one man, and he will become proud and egoistic. The regime indulges in luxury. The people in *genefal* adopt a cultured, refined, leisured, as we would say consumerist lifestyle and mentality. They become soft. Economic decline sets in, and this society is now ripe for takeover by another group based in the wild.

Problems in the political economy of kingship and *hadara* bring him to the subject of *decline*, one cause of which is unjust confiscation and forced labour. Luxury and other factors limit the life-span of a dynasty to approximately three generations.

One of the most important functions of government is to regulate and develop the economy. In discussing the political economy of cities, Ibn Khaldun launched into a general discussion of economics, 'the real meaning and explanation of sustenance and profit' (p.297). The means of livelihood are agriculture, commerce and the crafts found in a developed city culture. Ibn Khaldun went into considerable detail. On the political aspect, the ruler must guarantee the subjects'

livelihood, plus fairness in transactions between subjects (weights and measures, coinage) (p.189). This is both morally right and practically necessary to sustain the civilisation on which the dynasty depends.

Ibn Khaldun's views on political economy were based on the Circle of Power (discussed above). The version he quoted went: 'the world is a garden, the fence of which is the dynasty (al-dawla). The dynasty is an authority (sultan) through which life is given to good conduct (al-Sunna). Good conduct is a policy (siyasa) directed by the ruler (al-malik). The ruler is an institution (nizam) supported by the soldiers. The soldiers are helpers who are maintained by money. Money is sustenance brought together by the subjects (al-ra'iyya). The subjects are servants who are protected by justice. Through Justice the world (al-'alam) persists.' (in Lambton 1981:137). In other words, a flourishing economy and civilisation depend upon secure property rights; these depend upon the enforcement of justice in economic transactions; there must be no arbitrary confiscation or forced labour.

Ibn Khaldun developed this current wisdom somewhat in the direction of modern market beliefs: 'The equitable treatment of people with property' will give them 'the incentive to start making their capital bear fruit and grow', which in turn will generate increases in 'the ruler's revenue in taxes'. The ruler's revenues will be maximised by keeping taxes as low as possible, since confidence in 'making a profit' is an incentive to economic activity. Finally, 'profit is the value realised from labour', which suggests both the labour theory of value and surplus value (pp. 231, 234, 273, 297).

Here too he drew on a contrast between badawa and hadara, between primitive and citied ('developed') moeurs. Tribal culture (badawa) goes with low taxation, and so promotes economic growth; in citied culture (hadara) the demands of the ruling class increase; this leads to a rise in taxes, and so to economic decline. Low taxation is both good morals and good policy.

A ruling dynasty has the ability to stimulate economic growth, and so to promote civilisation and prolong its own lifespan, through the economic activity of the court itself. It should not, however, engage directly in commerce; its financial resources are so great that this would drive others out of business. Rather, since 'state and ruler are the largest market in the world' (in E.Rosenthal 1958:90), the dynasty should stimulate economic activity by paying generous stipends: 'money must flow between ruler and subjects, from him to them and from them to him'. If a ruler holds money back, his subjects suffer loss. He hints that state expenditure on public works promotes the economy (F.Rosenthal 2,p.146); this sounds like an invitation to demand management.

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