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BOOK REVIEW

Jared Rubin: Rulers, religion, and riches: Why the West got rich and the Middle East did not?

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The central puzzle posed by Jared Rubin in this excellent new book is: Why did sustained economic growth begin in north-western Europe as opposed to the Islamic Middle East? Circa 1000 CE, the Middle East was undoubtedly the more advanced region, as measured by levels of urbanization, commercial development, and trade. Bagdad was probably the largest city in the world and the majority of the largest urban centers in Europe and the Middle East were Muslim. But by 1750, on the eve of the Industrial Revolution, no observer could dispute that a tremendous reversal had occurred and that on every margin, the leading Middle Eastern states were laggards, way behind the Dutch Republic or Britain in terms of economic development or likelihood of experiencing sustained economic growth. Since 1750, this gap has only widened (notwithstanding the temporary boon of oil wealth that has enriched the Gulf states).

Rulers, Religion, and Riches is firmly in the tradition of institutional analysis inaugurated by Douglass North and developed by Avner Greif and more recently by Daron Acemoglu and James Robinson. In *the Rise of the Western World*, North and Thomas (1973) distinguished between the proximate causes of economic growth such as capital accumulation and innovation and a set of deeper causes that they identified with the incentive structures that induce individuals to invest in physical and human capital or to innovate.

As Rubin observes, there are many proximate explanations for this divergence between Europe and the Middle East; the trick is to find more fundamental explanations than those currently on the table. Many currently popular explanations, such as the malign influence of western imperialism, occur too late to explain the retardation of the Middle East, while other explanations, such as the alleged incompatibility of Islam with economic development, struggle to explain the economic efflorescence that the Middle East experienced in the early centuries of Islamic rule. Rubin thus seeks to provide a deeper institutional

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explanation for this divergence, an explanation that rests of the role played by religion in legitimating political authority.

His explanation is both novel and insightful. It complements the arguments that Timur Kuran has laid out concerning the long-run implications of Islamic law with regards to the emergence of modern corporations, more complex organizational forms, and capital accumulation.

The central element of Rubin's argument is that states rely on propagation agents to legitimate their rule. The terminology Rubin uses is awkward, but the central point is simple and important. In premodern societies religious authorities had tremendous influence. They therefore had the capacity to legitimatize or delegitimize rulers. Alternatively, rulers could rely on economic or military elites to help legitimate their rule. The choice of propagating agents had important economic consequences.

In the short-run, one can take the relative power of religious versus, say, economic elites as given. This ratio then determines what kinds of laws and policies will be implemented. Religious authorities have an incentive to push for laws and policies that favor their own interests and these policies may be deterimental for economic development. In the long-run, however, the ability of either religious or economic elites to legitimate authority can change endogenously. If, for example, religious leaders attempt to enforce a law, such as the prohibition on lending money at interest, that may be widely violated, then this can weaken the moral authority of the religious authorities and weaken their ability to propagate rule.

Rubin uses this model to explain both the divergence between Europe and the Middle East and a within continent divergence between Catholic southern Europe and Protestant northern Europe. Rubin's argument focuses on several important institutional inflection points in European and Middle Eastern history. The first concerns the different trajectories of usury laws in Christianity and Islam. Both religions prohibited lending money at interest as usury. But in Christian Europe this prohibition was undermined over time, as the authority of the Church declined and as merchants innovated ways around the ban. In the Middle East, however, the prohibition on interest was maintained until modern times and, although it was possible to evade it, the inability to legally enforce contracts that openly specified a rate of interest was an impediment to the emergence of banks and financial markets.

A second institutional divergence between the Islamic and Christian worlds was the adoption of the printing press. The printing press was invented in Germany but rapidly spread across Europe. European rulers did attempt to regulate printing, but they were unable to impede the spread of the new technology. In contrast, religious authorities in the Islamic world were strong enough to prohibit printing in the Arabic script. In Europe, printing undermined the legitimacy of the Catholic Church and helped spread the Reformation. This had momentous institutional consequences as the Reformation further weakened the power of religious propagation agents. The result was that in countries like England the balance of institutional power shifted away from religious elites towards secular and economic elites who gained representation in institutions like Parliament. In contrast, the authority of religious elites remained strong in the Middle East into the modern period.

The two most successful economies in the period leading up to 1800 were England and the Dutch Republic. Rubin draws on the voluminous recent literature in economic history to document how the economic trajectories of these two leading economies is broadly consistent with his argument. Specialists may contest the details but the general picture is clear and widely agreed upon. Real wages and urbanization rates rose in England and the

Dutch Republic after 1500, whereas they stagnated or fell across southern Europe and the Middle East. The Ottoman empire remained military powerful until the late seventeenth century, but by this point it was already far along the path towards economic decline. The institutions in place in the Middle East were ill-suited for the transition to modern economic growth once industrialization began to spread from Britain after 1800. As the work of Timur Kuran has shown, Ottoman legal institutions discriminated against non-Muslims. Literacy rates remained low; organizational forms were primitive; commerce came increasingly into the hands of non-Muslim minorities (Kuran 2010). As Rubin successfully argues in this book, the fact that the economic and political institutions of the Middle East were so ill-suited for modern economic growth was a function of a long process of institutional divergence that began in the Middle Ages.

In summary, this book is an excellent piece of economic history. It represents a major contribution to the Great Divergence debate and to the institutional history of Western Europe and the Middle East. The argument is made concisely and it succeeds in being both accessible to undergraduates and the wider population while being sufficiently rigorous and detailed to engage specialists.

The main argument advanced in *Rulers, Religion, and Riches* is a compelling and original one. It is, however, not the only explanation for the rise of Western Europe and the decline of the Middle East, nor is it likely to be the final word on the matter. In concluding, I want touch on some of the themes which receive less emphasis in the book but which are deserving of attention.

First, it is important to note that as Rubin stresses, the argument of the book does not rest on the content of religious doctrine. The doctrines of Islam and Christianity are much less important than the ways in which the religious elites of the two respective religions were able to shape and influence politics and economics. The fact that nothing in the argument hinges on the nature of Islam as a religion is an admirable rhetorical strategy. I anticipate that it will make the argument more appealing and palatable to scholars in the Middle East seeking deeper explanations for the decline of the Islamic world, but who are hesitant about an outsider writing a critique of Islam. At the same time, this approach may in fact undersell the potentially negative effects that Islam did have with regards to innovation and institutional development.

Ongoing research by Eric Chaney suggests that the Sunni Revival of the twelfth century led to a decline in intellectual enquiry in the Islamic world (Chaney 2016). Research in the growing field of the economics of culture suggests that cultural beliefs can have important economic consequences. Campante and Yanagizawa-Drott (2015) find evidence that Ramadan makes Muslims both happier and poorer. It would therefore be unsurprising if religious doctrines did have an impact on the economic trajectories of Europe and the Middle East. A fruitful avenue for subsequent research would be to explore the interaction between cultural beliefs and political institutions.

Rubin does not spend much time discussing the role played by steppe invaders such as the Seljuk and Ottoman Turks, the Mongols, and Mamelukes. The lands of Islam were always vulnerable to invasion from the Eurasian steppe. It seems possible that this played a role in shaping Islamic political institutions. Perhaps, this played a role in the explaining the resilience of religious elites as sources of political legitimacy? The book's discussion of the decline of the Middle East in the early modern period focuses on the Ottoman Empire, but perhaps more could be learned by studying Safavid Persia and Mughal India?

Another factor that numerous scholars have highlighted is the role of political fragmentation in Europe (Ko et al. 2018). After the Umayyad caliphate, the Islamic world was never governed by a single state. But in comparison to Europe, the Middle East was certainly much less politically fragmented throughout the medieval and early modern periods. This raises an intriguing question: Would the fate of the Islamic have been any different if instead of the Ottoman Empire and Safavid Persia, a dozen or so competing states governed the region? I suspect Rubin would argue that the answer to this question is “No,” but the counterfactual would be interesting to explore nonetheless. The evidence presented by Blaydes and Chaney (2013) suggests that political institutions of the Middle East did not undergo the same process of institutional development as western states did after 1000 CE. Another observation I had after reading *Rulers, Religion, and Riches* is that it appears that the Islamic Middle East was at no point characterized by anything like the variety of different political regimes that one observes in medieval or early modern Europe which encompassed feudal regimes, various city-states and republics, some with semi-democratic institutions, as well as both constitutional and absolute monarchies. It seems highly plausible to me that comparative institutional stasis we observe in Middle East polities might have mattered for economic development.

Finally, the logic of the argument developed in *Rules, Religion, and Riches* should apply beyond the two case studies of Europe and the Middle East. India, China, and Japan were all more prosperous than Western Europe c. 1000 CE, but had fallen behind by 1800. I would push scholars to think about whether the implications of Rubin’s arguments can help shed light on these additional episodes of economic divergence. All in all, Rubin has written a highly stimulating book on the institutional causes of the economic divergence between Western Europe and the Middle East, one that will no doubt encourage much future research.

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