

On Commerce, Institutions, and Underdevelopment: A Comparative Perspective

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There are ample sources on the exuberance of economic life and the organization of society. Eventually the Middle East and China lost ground to Western Europe and Japan. This has been subject to much work and scholarly activity. Considering the multiplicity of explanations, in this paper I focus on the interactions among power dimensions, activities of various social actors, cultural forces, and how these interactions influenced formation of certain institutions and inhibited others. In particular, I allude to the role of the political center in inhibiting land and commerce-based foci of power in the East, and how this inhibition prevented formation of institutions conducive to economic development.

Trade has been an essential element of the Middle Eastern and Chinese economies since ancient times. The Muslim medieval economy connected Spain, North Africa, Egypt, Syria, Mesopotamia, Iran, Abyssinia, Gujarat, the Malabar coast, China, and the East Indies in a *Weltwirtschaft*. Products from distant lands adorned the marketplaces (*souks*) of fabled cities such as Baghdad, Cairo, Damascus, and Shiraz, among others. The Islamic medieval economy was sophisticated in that the merchants organized themselves in partnerships called *mudaraba*, invented commercial instruments like the bill of exchange called *sutfaya*, and devised forward contracts called *mohatra*. The Chinese commerce was no less sophisticated by the standards of the period. However, despite this early advantage, the Islamic and Chinese commercial ventures remained small and stagnant and did not metamorphose into large corporate ventures typical of Western European commerce.

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Recently Kuran (2001) offered interesting insights into the factors that inhibited the growth of commercial ventures in the Islamic Middle East. Of particular interest is the Islamic inheritance system and Islamic law, since the former raised the costs of dissolution in the event of a partner's death, thereby keeping the partnership small and marginal. In Europe the inheritance system facilitated large partnerships. Eventually the Middle East lost ground to the West and Middle Eastern commerce was dominated by Westerners and religious minorities living in the Middle East.

In these notes I try to offer another, yet somewhat complementary perspective: the decline of Islamic Middle Eastern commerce and the subsequent economic underdevelopment can be understood by focusing on the interactions among power dimensions, activities of various social actors, cultural forces, and how this interplay influences institution formation and dynamics *à la* Eisenstadt.

Power and the Power Structure in the Eastern Empires

From the perspective of a macro-sociological approach, there is a crucial aspect that distinguishes the Chinese, Persian, Ottoman, and even the Byzantine empire from states in Western Europe and Japan. The highly centralized former empires attempted to create and *maintain* independent peasantry and urban dwellers where political centers could secure resources for themselves rather than letting local or commerce-based groups exploit the citizens. They did not tolerate any centrifugal force; any encroachment by powerful landlords, local chiefs, or merchants was eliminated. These empires often relied on the services of a bureaucracy that was drawn from eunuchs, ex-slaves, and free soldiers not controlled by aristocracy.¹

The Middle East is the region where "states" as political entities were born for the first time. From earlier periods, these states were modeled as "just and benevolent"; as such these states intentionally separated the "military-administrative" state apparatus from ruled classes including local notables and elites. There is evidence that this political tradition originated in the city states of Mesopotamia and continued with the Achaemenids, Sasanians, then the Islamic empires, and to a great extent, influenced the Byzantines (Tezel 1986). What are the sources of this tradition? Perhaps one can trace this mentality to the "modes of legitimacy" inherent in the Irano-Semitic political traditions.²

In this tradition, the "good state" concentrated around a "benevolent, law-giving and just" king, and kept the ruled population outside and below the "affairs of the state." The state protected itself against the penetration of the lower strata of the population at any cost, and to that end, instead of sharing power with local elements, it delegated state functions to slave viziers, eunuchs, converts (*devshirmes*), and those with few, if any, local connections.³

In the Ottoman Empire, there are numerous examples testifying to this model of the state. It is easy then to understand the killing of a local notable vizier, Chandarli Halil Pasha and his brother Ahmed, and his replacement with a convert-slave, Zanos Mehmed Pasha, by Sultan Mehmed II, the Conqueror. This is another indication that by Mehmed II's time, the Ottoman Empire rid itself of most of the Turcoman institutions and consolidated its power along

Mesopotamian-Iranian-Byzantine state traditions. It is interesting that, after conquering Istanbul, Mehmed II assumed the title of Kaiser of Eastern Rome (*Kaiser-i Rum*). Second, despite provisions to the contrary in Islamic Law, Mehmed II enacted the first Ottoman law (*kanun-name*) legitimizing fratricide. It is said that the law contained the following specific provision:

And whoever among my offspring succeeds in reign it is appropriate to kill his brothers for the good of the state. The majority of religious scholars have agreed.

In the classical Ottoman system, the sultan recruited his top janissaries corps from young men mainly recruited from local non-Muslim populations called *devshirme* and the *timar* estates were granted for a lifetime only. The *timar* holder had no land rights, and the sultan had no reciprocal obligations to the *timar* holder. Moreover, subinfeudation was not allowed. Max Weber noticed that the Ottoman system was a system of prebends and not fiefs (Weber 1978). As Braudel has noted, the normal and ordinary pattern in Islamic countries is the firm state control over society, and the society was “sometimes under state attack, and cut off from the wealth-producing land for all time.” (Braudel 1982, p. 596) India under the Great Mogul was no different: he appointed the *omerahs* and the *rajahs* but did not grant succession rights to their children. He owned all land and paid his officers with *sipahilik*, a land grant limited to a lifetime. The land was regularly confiscated, so no nobility could emerge based on land. The top echelon of the society was occupied by the favorites of the Great Mogul:

“That the tip of the pyramid, this strange, insubstantial and temporary construction, should have collapsed with the British conquest is not surprising, since it was held together by the power of the prince and was doomed to fall with him.” (Braudel 1982, p. 596)

It is interesting to note that Kuran (2001) views the state ownership of land, *ard al-mamlaka* and *miri* land regimes as attempts by Middle Eastern rulers to reduce efficiency losses and prevent reductions in tax revenue associated with property fragmentation. Kuran acknowledges that cultivators of state-owned land enjoyed tenancy rights and paid the land tax in return; but the tenants could not sell, grant, or endow the land. However, it is easy to see how this policy lends itself well to the highly centralized empire trying to maintain an independent peasantry where the center extracted the surplus directly. The existence of powerful landlords meant that the surplus will have claimants other than the sultan himself.

Some elements of the Ottoman system were evident in the Byzantine system; therefore it is useful to focus on some aspects of the Byzantine state. Braudel even suggested that the Ottomans have prepared their own demise by inheriting some Byzantine traditions (see Tezel 1986, p. 30).

In the Byzantine empire, the state took great care to protect the peasantry against powerful landlords, since the former provided the state with taxes and

military service. The struggle to keep an independent peasantry reached a climax when Emperor Romanus Lecapenus enacted specific regulations to prevent the absorption of small land holdings by the powerful aristocracy in 922. The struggle was a typical one in Eastern empires: "If the system tested by centuries of struggle was to be maintained, and with it the financial and military strength of the Byzantine state, it was essential that the government should oppose the absorption of the small-holders by the 'powerful'." (Ostrogorky 1969, p. 272) But the excessive taxation and obligations to the state led many peasants to favor the patronage of powerful landlords whom they not only sold to, but occasionally gave their holdings. As such, the peasants "renounced the anxieties of freedom," and sought refuge in the domain of powerful landlords against the burdens and obligations owed to the state. As Ostrogorsky observes, the state was not concerned about the rights and independence of small property owners, but about its own; the small land-owners were the bone of contention between the central government and the feudal aristocracy (ibid, pp. 275-276).

In the Byzantine empire commerce was heavily regulated. The political center delegated commerce to civil servants and foreign merchants. State controlled monopolies and trade duties were important sources of revenue that fed the central-bureaucratic structure of the Byzantine empire. Everything from profit rates to prices and the interest rates and marketing conditions was subject to bureaucratic control. Although artisans and craftsmen were organized in guilds, these did not enjoy the autonomy of their counterparts in Western Europe and were not able to protect their members against the capricious bureaucracy (Tezel 1986, p. 29).

The regulation and state control of trade were aimed at maintaining a low cost of living in vibrant cities like Constantinople (Istanbul). This administered trade *à la* Polanyi was part of redistributive policies and a prime source of political power. As a corollary, it served to keep local merchants in check thereby preventing them from amassing a great deal of economic power that could pose a threat to the center. It also serves not to let the economic-social base be reduced to an agrarian one; cities are essential in maintaining a monetary economy.

Whereas the centralized state was averse to let a local merchant class flourish, it did not hesitate to grant trade privileges to foreign merchants. As early as the late eleventh century the Byzantine emperors granted trade privileges to merchant Italian city states. The very similar trade and legal privileges (capitulations) were granted by Seljuk rulers such as Keyhusrev, Keykavus, and Keykubad, and by the Sivas-based Ilkhanid Mongol dynasty (Tezel 1986, pp. 30, 42) and later by the Ottomans⁴ starting in 1536. In addition to the factors cited above, delegating trade to foreign merchants makes it easier to control and collect revenues from trade. For example, Byzantine emperors decreed that Kievan merchants could enter Constantinople through only one gate, and in parties fewer than fifty.⁵

Despite the differences in how the "chasm between the transcendental and the mundane" got resolved in China versus the Middle East, it is interesting to note the resemblance of the Chinese political model to the Islamic and Byzantine one. The heavily centralized bureaucracy constituted the top unbreachable

layer with a strict sense of Confucian morality. Thus, the primary emphasis was on the stability of the existing social organization and “this was expressed in religious terms through the theory of *social and celestial harmony*.” (Eisenstadt, 1993, p. 59; emphasis added)

In this environment culture, ideology and religion were committed to the same common good and the learned mandarin were the agents of this undertaking. Again the state was responsible for everything including infrastructure, public works, irrigation, defense, measures against famine, and advance payments for agricultural production and other enterprises. The state retained the ownership of all land, and could remove peasants and ‘landowners’ from one part of the empire to another for the public good (Braudel 1982, pp. 586-587). In theory, the Chinese state was “opposed to economic privilege” and “everything was controlled by a ubiquitous, efficient and bureaucratic government” (ibid, p. 131), and the Chinese “imperial administration blocked any attempts to create an economic hierarchy” (ibid, p. 136). Braudel goes on to inform us that children of the dominant class, the mandarin, did not often become mandarin and neither the fortune nor the power of the mandarin was passed to their progeny to create dynasties of dominant families (ibid, p. 595).

The Fragmentation of Power in Western Europe and Japan

Both medieval Europe and Japan went through a decentralization and diffusion of power. In Western Europe vassalage bonded men to other men with mutual responsibilities; the king was merely a *primus inter pares*. The path in Western Europe and Japan is noteworthy in more ways than one. In Western Europe and Japan, instead of a status-based paternalism, there evolved a system based on *contract*. Goodell (1980), among others, has emphasized that contractual relations became institutionalized in the late agrarian period because the lord and the peasantry were vitally dependent on each other. The decentralization of power and the emergence of the manor as an economic unit are detailed in Bloch (1961). According to Bloch, vassal homage was a genuine contract and a *bilateral* one. Moreover, one can observe a multitude of uprisings, revolts, and protest movements that gave teeth to these underlying *mutual* responsibilities.⁶ The accords which can be traced to ‘rights of resistance’ are abundant and, we are informed, range from the Oaths of Strasbourg in 846 to Magna Carta Libertatum of 1215, to the declaration of communes of Languedoc in 1356 (Bloch 1961, p. 452).

Although Japanese feudalism entailed many elements of the European variety, it did not evolve into a representative assembly. In Japan, the vassal’s submission was more unilateral; vassals could only have one lord. Moreover, in Japan, the divine status of the emperor kept him outside the feudal nexus. The originality of European feudalism is

“in the emphasis it placed on the idea of an agreement capable of binding the rulers; and in this way, oppressive as it may have been to the poor, it has in truth bequeathed to our Western civilization something with which we still desire to live.” (Bloch 1961, p. 452)

However, Japanese feudalism shared many features with its European counterpart(s). All the elements of the decentralization of power in the countryside occurred in the pre-Tokugawa period: feudal lords, towns, peasantry, and an artisan class. Japanese local foci of power enjoyed 'liberties' reminiscent of medieval Europe's privileges where one could fortify oneself for protection and survival (Braudel 1982, p. 590). The consolidation of power occurred in the late Tokugawa period when the *shoguns* sought to consolidate power by using an alternate attendance system. The *daimyo* had to agree to pass one year out of two in Edo (Tokyo) under some house-arrest and when they went home to their fiefs, they had to leave their wives and children behind as hostages. Nevertheless, dynastic feudal families lasted for a long time; some made their entry into capitalism along with the lesser client nobility, the *samurai*, who were to play a role in the post-Meiji industrial revolution. The powerful craft guilds gradually extended their power all over the towns, and the merchant associations, officially recognized in 1721, started to look like the privileged merchant trading companies in the West (ibid, p. 591). At any rate, modern institutions in Europe and Japan including the modern state reflected the needs and wishes of powerful off-center constituencies. Finally, it is interesting to note that the dynastic survival in Japan was aided by the system of *primogeniture* as in Europe (see below).

But why did the diffusion of power occur in Northwestern Europe and Japan? Goodell (1980) attributes the bonding of peasants and lords to lack of trade in Europe and Japan in the late agrarian period.⁷ As the Middle East was replete with trade opportunities since ancient times, trade provided "lords" with an alternative endeavor to bonding with peasants. For geographical reasons, among other things, the Middle East and China were at a crossroads of the world. The income and wealth of empires in these parts of the world were strongly dependent on trade and its taxation and regulation. In Northwestern Europe and Japan, geographic isolation dictated that the lords and the rural base of society be interdependent.⁸

Powelson argues that lack of land in Europe and Japan forced specific peasants to bond with specific lords for the want of alternative land. (Powelson 1994, p. 73). It is hard to believe that the lack of land was instrumental in the evolution of a contract-based feudalism. Actually one can argue the contrary. There is evidence that the evolution of European feudalism owes much not to lack of land but abundance of land relative to the peasants. The existence of vast uncultivated land (*terra inculta*) meant that "lords" had no choice but to bond with serfs with mutual responsibilities. This view is echoed by Braudel: fragmentation and decentralization of power occurred when the population was drastically low due to accident, catastrophe, or depopulation, or when a comparatively new country was taking its first steps (Braudel 1982, p. 589).

Decentralization of Power and Institutions

It is possible to see the decentralization and diffusion of power in contract feudalism as an element that ultimately led to private property and free markets. (Powelson 1994). Accordingly, because of pluralism, vertical alliances,

and leverage, lower classes gained access to resources and corporate groups sought mutually beneficial arrangements. Powelson contends that the earliest legal and monetary systems in Western Europe and Japan were initiated and agreed by such corporate groups who used these instruments. In other parts of the world, these systems were mainly dictated by the sovereign (Powelson 1995, p. 68). The diffusion of power gave way to the art of negotiation and compromise which ultimately manifested itself in economic and political institutions that served the mutual interests of the involved parties.

Whatever the sources of its evolution, the decentralization and the diffusion of power created a conducive environment for gainful economic activity and capital accumulation because it set the rules of the game in a system of checks and balances where one could legitimately claim the fruits of his/her labor.

Whereas the king in England or France possessed absolute power over his subjects in the sense of authority, the ability to coerce was extremely limited.⁹ Property rights, as we know them, with an effective enforcement reduce transaction costs and enable price-forming markets (North 1977). The rest is well known: the Smithian idea relating the extent of the market to the division of labor, etc. Fear of confiscation by the ruler put limits on the extension of the market. Property rights with an effective enforcement mechanism did not escape the attention of Adam Smith. He wrote:

“In those unfortunate countries, indeed, where men are afraid of the violence of their superiors, they frequently bury and conceal a great part of their stock...”¹⁰

Interestingly, the examples Smith cites are Turkey, India, and other Asian countries.

A distinct aspect of Western European markets is their ability to free themselves from the authorities. Jones (1981) partly attributes this to the special volume of bulk, utilitarian, long-distance, multilateral trade that Europe's special circumstances encouraged. The same source informs us that medieval authorities did their best to protect trade by their subjects from internal disorder and external interference. But not so in the Byzantine and Ottoman empires. We have seen that trade was heavily regulated and was often delegated to foreign merchants in these empires. For example, the Byzantine emperors discouraged and even forbade their merchants to trade in distant places.¹¹ The Ottoman state even went further: when there was a conflict of interest between domestic and foreign merchants, it often sided with foreign merchants (Tezel 1986, p. 62).

As Kuran (2001) notes, prosperous Ottoman families rarely remained wealthy beyond one or two generations. Accordingly, the inheritance system along with expropriations and opportunistic taxation contributed to wealth fragmentation. Interestingly Kuran notes that the Islamic inheritance rules were applied to wealthy Ottomans equally, including the military-administrative elites. But as our previous discussion implies, wealth fragmentation is consistent with a policy of eliminating local foci of power who may pose a threat to the center.¹² It is even possible to see the pious foundations and endowments

(*waqf*) as institutions that were used to circumvent and limit the power of the political center by appealing to religious customs and values.

Kuran notes other developments that facilitated capital accumulation in Western Europe. For example, as early as the fourteenth century we see chartered durable commercial ventures, budget control, accounting techniques, and pooling of resources for large enterprises which allowed economies of scale. Kuran (2001) rightfully concludes that in addition to economies of scale, these enterprises enjoyed some monopoly power over pricing decisions, hired consultants, and appointed consuls to represent their interests in distant lands; they organized their own protection and enjoyed some leverage vis à vis the political authority. These developments can be interpreted to have evolved as a result of actions of corporate interests with vertical alliance capabilities and *in the absence of a powerful central authority*. As we have emphasized above, the existence of local foci of power gave way to the art of compromise and manifested itself in economic and political institutions that served the mutual interests of the involved parties.

Byzantine and Ottoman emperors created monopolies through state control; this led to rent seeking and competition for “favors” from the state. The existence of a vast bureaucracy and bureaucratic control over economic life in the Middle East continues to this day. Moreover, as Powelson (1994) emphasized, the Byzantine and Ottoman states mistrusted their merchants and milked them rather than cooperate to their mutual advantage, so institutions that would ensure mutual advantages did not emerge in this environment. Again it is clear that the lack of powerful groups organized around common interests and *identity* hindered institution formation that would serve the needs and interests of the corporate groups. When some institutions did emerge in this environment, they were dictated by the political center according to “what ought to be done” and, most of the time, without regard to the local realities (see Heper, 2001).

The Role of the Inheritance System

As Kuran (2001) observes, the Islamic inheritance system has undoubtedly played a role in the division of estates. But the issue of partible versus impartible inheritance and why Europe had practiced impartible inheritance is closely connected to the *feudal society* and the decentralization of power. It is interesting to observe that *primogeniture* was observed in Japan as in Europe, but in great parts of China the inheritance was divided among all male children (Braudel 1982, p. 591). Second, the practice was virtually unknown until the emergence of feudalism in Europe.¹³

Primogeniture and other forms of impartible inheritance arose because in feudal society land tenements (*fiefs*) were connected with a public office or with military duties that could not be well divided among several people. Vassalage and serfdom required mutual rights and responsibilities; therefore partition was likely to result in confusion regarding the services to be rendered. In the medieval economy, alternatives such as selling the land and dividing the proceeds were impractical since monetary exchange was limited:

“If a public office were involved, the superior authority, by allowing it [the fief] to be divided, would run the risk at once of weakening the executive power exercised in its name and of making control more difficult. If it were an ordinary knight’s fee, its dismemberment would create confusion over the performance of services, which were very difficult to apportion satisfactorily between the different copartners. Furthermore the original grant having been so calculated as to provide for the pay of a single vassal with his followers, there was a danger that if it were broken up the fragments would not suffice to maintain the new holders, with the result that they would be ill-armed or perhaps forced to seek their fortunes elsewhere.” (Bloch 1961, p. 203).

Thus in eleventh and twelfth century Europe, the feudal system became entrenched and the military fief became a hereditary estate; furthermore, being regarded indivisible, the fief was transmitted from the eldest son to the eldest son in most European countries. However, the requirement of the feudal organization conflicted with local laws and customs of succession so the problem got resolved in different ways in different places, and that is why we observe a heterogeneous set of practices across continental Europe.

Based on these arguments one should not get the impression that the succession of a single son was confined to the economic realm. Medieval society is a highly hierarchic one; a society full of honors and titles. With the breakdown of central public authority, and the consequent diffusion of power, the counts became locally autonomous regional sovereigns. The personal bonds of feudalism became a substitute for the old royal chain of command, and the power trickled down from the king to the count to the castellan to the knight. In each case, we observe at every level of aristocracy the family becoming a little dynasty with a single heir succeeding to a domain. The concentration of power at the hands of the heads of families meant that those responsible for a family’s honor would try to exercise a stricter control over the marriage of young men and women in their domain (Duby 1983). Patrilineage became the dominant mode of succession where for the first time, the surname or the patronymic emerged.¹⁴

The rigid lineal structure forced some men to remain unmarried and enter chivalry with sacred missions. By encouraging some male children to enter knighthood with sacred missions in distant lands,¹⁵ European nobility aided the preservation of estates and increased the likelihood of dynastic survival. Based on the themes of medieval epic and love literature, the renowned medieval historian Georges Duby informs us that there were signs of conflict “between the *seniores* who were married and managed the family fortune, and the *juvenes* (young men) who had been compelled to remain unmarried and who, on account of the rigidity of the lineal structure, had no economic independence and no hope of establishing themselves except through the hazards of *adventurous quests*.” (Duby 1994, p. 109; emphasis added) Still some young men joined various ecclesiastical orders and others were given to the church by their family.

Finally the weakening of primogeniture as a widespread practice occurred when the monetary economy emerged in medieval Europe. As the economy grew and became more flexible, the laws of inheritance prohibiting the divi-

sion of estates became untenable. Other factors including Church pressure contributed to the downfall of the practice as well.¹⁶

Conclusions

The foregoing discussion implies that the emergence of modern commerce and economic activity in the West and Japan owes a great deal to the legal and institutional environment. The legal framework and institutions including corporate structure, commercial instruments, techniques, and rules that allowed for pooling of resources emerged in response to the needs of corporate groups with horizontal and vertical alliance capabilities. Some of these institutions emerged in a “natural and spontaneous process” and others as a result of conflict. The key element is that the involved parties enjoyed some rights; as such they formed alliances, and through conflict or compromise they were able to better their interests. Understanding the fragmentation and diffusion of power in medieval society is an essential element in understanding the emergence of some modern Western institutions and practices. These institutions include representative democracy, modern legal systems, financial instruments, and property rights.

The centralized eastern bureaucratic states and empires mobilized all resources for the “good of the state and the common good.” They eliminated all the local foci of power and prevented a land- or commerce-based accumulation of wealth or power. All the resources of the society including culture, ideology, and religion were committed to the same “common good,” regardless of how the latter was defined. Since no powerful groups were tolerated other than the “faithful” ones which served the state, no institution that would serve the interests of independent groups, corporate or otherwise, could emerge in this environment. Although Islamic law provided some rigidity, it cannot alone explain why certain commercial institutions remained outside the realm of economic life. Although both the church and Islamic law strongly opposed “usury,” by the fourteenth century there was hardly any significant opposition to the practice from the Church.¹⁷ Consequently, it is difficult to attach a great deal to the prohibition of usury in Islamic law as a major factor that hindered commercial developments. A political tradition that declared fratricide legitimate under Islamic law and obtained the consent of religious scholars to the same effect could have circumvented the problem of religious law – if the complex set of political tradition, social interactions, culture, and institutions were conducive to accumulation of wealth and sharing the *power* that comes with it.¹⁸

Notes

1. For a macro-sociological analysis of political systems of these empires, see Eisenstadt (1993).
2. In the Chinese political tradition, we shall make a reference to the strict tradition of Confucian morality and the common good. The Chinese emperor enjoyed total and unchallenged authority with universal rights. See Braudel (1982), pp. 586-87.
3. See Tezel (1986) and the references cited therein.
4. Some economic historians erroneously claim that these trade privileges were forced upon the Ottomans by the European powers, e.g., Powelson (1994), p. 281. It is sufficient to remember

- that the Ottoman empire was at the pinnacle of its power when they granted trade privileges for the first time.
5. Lawrence (1978); cited in Powelson (1994).
 6. See Hilton (1973).
 7. It is interesting to note that Goodell makes no reference to the early debates on the role of trade or lack thereof in the emergence of feudalism. For example, she has no reference to the Pirenne hypothesis. See the footnote below.
 8. We cannot pass the discussion on the role of trade in decentralization and diffusion of power without mentioning the early debates on the emergence of feudalism in Europe. Early medieval historians attributed the emergence of a rural-based economy in Europe to the Germanic invasions of the fifth century that cut off Europe from the Mediterranean. The medieval historian Henri Pirenne, in what is known as the "Pirenne hypothesis," argued that the Islamic invasions of the late seventh and eighth centuries brought the trade-based ancient Mediterranean economy to an end. The Mediterranean became a "Muslim lake" and the ensuing deurbanization created the rural-based feudal medieval society. See Pirenne (1939).
 9. See Painter's "The responsibility to refrain from exercising power" in Painter (1961).
 10. Smith, A. (1776), volume 1, p. 285.
 11. Lewis (1988); cited in Powelson (1994), p. 280.
 12. Elements of the decentralization of power in the Ottoman empire can be seen in the nineteenth century in the malikane-divani system, but it was too late to produce any tangible result given the dominance of Europe.
 13. In Westphalia, the earliest reference to primogeniture appears in 1152; see Duby (1968), p. 118, n. 18. Primogeniture was established by the twelfth century in Europe almost everywhere; see Bloch (1961), p. 204.
 14. See Gies and Gies (1987), pp. 124-132.
 15. In that sense, the Crusades did not emerge as the grand design of the Holy Church so much as they provided the bored young men opportunities for an adventurous holy war. These knights enlisted as mercenaries in the service of Byzantium even before the First Crusade. But the holy war in Spain or Syria offered the dual attraction of an adventure and a work of piety; see Bloch (1961), pp. 294-295. Moreover, holy missions abroad saved the Western world from succumbing to complete anarchy and disorder. "The chroniclers were well aware that at the start of a crusade the people at home in the old countries always breathed more freely, because now they could more enjoy a little peace." Bloch (1961), p. 296.
 16. See Duby (1968), p. 239. Although by the seventeenth century the practice of primogeniture or other variants of impartible inheritance were less common in Europe, there was a revival of the practice in the nineteenth century. Parts of Austria, Germany, and Scandinavia enacted special laws codifying the practice to protect the farmland. Nazi Germany enacted a more radical farm-inheritance law in 1933. The law provided not only for impartible inheritance but also forbade partition by will and even the sale of the farm or its encumbrance by mortgage. See "inheritance" in Encyclopedia Britannica Online: <www.eb.com:180/bol/topic?eu=109289§n=7>.
 17. By the fourteenth century, "the Church had become as disposed to forgive the sins of merchants as it was those of princes" when it came to usury. Braudel (1982), p. 564. For a historical account of the practice, see *ibid*, pp. 559-566.
 18. The prevalence of cash transactions in the Middle East undoubtedly have implications in terms of the relationships of trust. But specifically, is there a relation to likelihood of confiscation by authorities as cash is easy to bury and hide? See the reference to the Wealth of Nations above.

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