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SOURCES AND APPROACHES ACROSS DISCIPLINES IN NEAR EASTERN STUDIES

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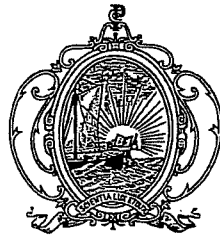
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THE ROLE OF MONEY IN THE ECONOMIC GROWTH OF THE EARLY ISLAMIC PERIOD (650-1000)

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INTRODUCTION: FACTUAL AND CULTURAL ISSUES IN THE DEBATE OVER ISLAMIC ECONOMIC PERFORMANCE

The majority of economic historians have limited themselves to studying a single historical model of economic growth: that of Europe. They have investigated why and how Western Europe forged ahead and remained ahead so consistently, while other societies were unable to stage their own 'rise' through intensive growth, maintain it once it occurred, or indeed successfully emulate the European model. For the purpose of a paper devoted to exploring early Islamic economic growth, a subject historians do not usually cover when looking at the European model, it is out of the question to cover any of the vast literature unless it is directly relevant. For instance, in his recent account of Europe's economic growth, D. North highlighted secure property rights and their influence on the economic behaviour of individuals and institutions;¹ others emphasized the need to undertake institutional change as part of the process of economic growth.² Yet others depicted the Islamic institutions as an example of institutional rigidity, arguing that the failure to undergo institutional change resided within Islam itself.³ The institutions chosen to illustrate how Islam was

¹ D. C. NORTH, R. P. THOMAS, *The Rise of the Western World: A New Economic History*, Cambridge, 1973; D. C. NORTH, *Institutions, Institutional Change and Economic Performance*, Cambridge, 1990.

² D. ACEMOGLU, S. JOHNSON, J. ROBINSON, *The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth*, in: *The American Economic Review* 95:3 (June 2005), pp. 546-579. The authors study several factors of institutional change, showing the effect of urbanization and the Atlantic trade on political institutions which enabled and facilitated behavior enhancing economic growth.

³ A. GREIF, *Contract Enforceability and Economic Institutions in Early Trade: The Maghribi Traders' Coalition*, in: *The American Economic Review* 283:3 (1993), pp. 525-548. Using the Geniza documents of Medieval Egypt, Greif argued that in theory Islamic trading institutions were inadequate and insufficient, creating the cultural paradigm known as "business familiarity" responsible for the small amount of Islamic investment partnership and the limitations on the cycle of investment possibilities. A. Udovitch has previously

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