

**Political Economy of the Middle East:  
Historiography and the Making of an Episteme**

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The Great Divergence accelerated a process of Western European states dominating the majority of the world's geography and people economically and geopolitically. This phenomenon is subject to significant debate within the historiography. Famed sociologist Max Weber provides a culturalist explanation for the Great Divergence. He identifies that capitalism existed far before the Industrial Revolution, including in Asia and the general non-West (which includes southern Europe in his view) but lacked the capitalist spirit, which he attributes to Protestant (specifically Puritan, Quaker, and Calvinist) religious insistence on industriousness and on identifying good opportunities (including in business) when God presents them to the faithful, as well as an admiration of middle class businessmen, as opposed to the upper classes who were seen as too decadent with their wealth.<sup>1</sup> Another school of thought is that of the Eurocentric Marxists, who applied specific Western class processes to the formation of the capitalist spirit that then powered the world market system. An example of this is Ellen Meiskins Wood's *The Origin of Capitalism*, in which she posits that the advent of modern capitalism can be found in the lack of "constraints" on the economic activity of the nascent bourgeois class in Western European cities, as well as a dependence on markets to determine variable rents by English landlords, an older exploitative class, that formed the market dependent exploitation characteristic to capitalism.<sup>2</sup> Other explanations in newer historiography steer clear of privileging one factor over any other as being sufficient for such a complicated shift in global industrial and political power. Alex Anievas and Kerem Nisancioglu attribute the Great Divergence to the capital that European states acquired through the pillaging of American raw

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<sup>1</sup> Max Weber, *The Protestant Ethic and the Spirit of Capitalism*, 17, 105, 108, 122.

<sup>2</sup> Ellen Meiskins Wood, *The Origin of Capitalism*, 68, 77.

materials, chiefly precious metals, putting them on par with the larger Asian economies of the pre-modern capitalist period, then using the upward trajectory of their industry and capital to outpace and pillage the capital of the Asian states (which eventually led to total domination, such as by the British of India).<sup>3</sup>

The Middle East, like other regions outside of Western Europe, was relegated to being a cog in the Western capitalist machine without considerable political or economic autonomy. This process is the subject of interest from many scholars, who evaluated it from a variety of angles. Karl Marx wrote on the subject of integration of a non-Western region, India, into the Western dominated capitalist economy and British control in his 1853 essay “On Imperialism in India.” Though not considered a part of the Middle East, Marx’s understanding of the world capitalist path to hegemony is useful for a political economy study applicable to all of the world’s regions. Marx contends that it was not the collapse of Indian public infrastructure and imposition of British rule over the subcontinent that were unique negative consequences of the new European imperialism; rather, the importation of the world capitalist market through its specific needs and British productive technologies disrupted the pre-existing link between agricultural (rural) and manufacturing (urban) sectors, causing a major tear in the fabric of Indian society.<sup>4</sup> Furthermore, Marx illustrates that the sucking of raw materials away from India for more efficient production in the mills of England eroded the village practice of weaving and spinning cloth, interrupting village life and hierarchies as well as urban manufacturing practices.<sup>5</sup> Marx closes by decrying the original social structure of Indian villages and states as condemnable examples of “Oriental despotism” (a term used first by Montesquieu) that, even as it should be mourned the way that

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<sup>3</sup>Alex Anievas and Kerem Nisancioglu. *How the West Came to Rule: The Geopolitical Origins of Capitalism.*, 248, 262.

<sup>4</sup> Karl Marx, “On Imperialism in India,” 655-56.

<sup>5</sup> *Ibid.*, 657.

capitalism tore across the landscape, is not a better system.<sup>6</sup> Marx, with some degree of effectiveness, demonstrates the general effect of the industrial revolution, imperialism, and capitalism as it was imposed upon the non-Western regions of the world. Where Marx obviously enters unacademic territory is his dismissal of non-Western indigenous social and economic structures as being marked by an “Oriental despotism;” ascribing a pejorative to economies and societies is both simplistic and erroneous. It ignores the complexity of pre-imperialist economic structures and relations with other geographies, which later scholarship would illustrate in depth.

Roger Owen responds to Marx and to the other Orientalists in his 1972 text “Egypt and Europe: From French Expedition to British Occupation.” In the spirit of Marx, Owen summarizes the process of 19<sup>th</sup> century world capitalist expansion into the non-West: “the colonisation of an African or Asian territory was preceded by a breakdown of local political and social institutions resulting from a period of enforced contact with the European economy.” Owen does not neglect to condemn the term “Oriental despotism” common to Marxist literature’s characterization of the Egyptian state.<sup>7</sup> Owen describes the industrialization, state centralization, and reformist efforts of autonomous Egyptian governor Muhammad (or Mehmet) Ali, which had the effect of pulling European creditors, capital, and business interests into Egypt, reducing both the ability of the government to effectively administer itself, and subordinating Egypt to dependence on European markets and moneys, which would prove disastrous.<sup>8</sup> Owen points to the Anglo-Turkish Commercial Convention of 1838 as the beginning of the end for Egypt’s economic and political autonomy; classes (or interest groups) in Egypt, including landowners, bureaucrats, the Ottoman ruling class, and foreigners who came to benefit from

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<sup>6</sup> Ibid, 658.

<sup>7</sup> Roger Owen, “Egypt and Europe: From French Expedition to British Occupation,” 197, 209.

<sup>8</sup> Ibid, 200-202.

Egypt's definitive union with the world capitalist economy, were in some way subordinated to the European economy. This process escalated when Egypt went bankrupt in 1875 and the European creditors (mainly the British and French governments) scrambled to secure their interests, culminating in the British occupation of Egypt in 1882.<sup>9</sup> Owen's account, especially as it pertains to the efforts of Mehmet Ali to industrialize and modernize the Egyptian state and its economy, demonstrates a cruel irony that is characteristic of reformist efforts by Middle Eastern polities. It was the failure of Egypt to modernize without considerable strain on its society and its inability to overcome the growing pains of an expanded military and bureaucracy that allowed European creditors to take advantage of Egypt. From there, the British and French saw Egypt, and the leverage they secured through their financing, as a realm for geopolitical competition. This is a strong thesis that links to Marx's own understanding of the British imperial expansion into India as proceeding by European capitalism; this was a story that played out across the world at different times and with different degrees of subordination.

Bryan S. Turner also responds to Orientalism in his "Ethnicity, Social Class and the Mosaic Model." The mosaic model refers to the Orientalist understanding that Islamic society was heterogenous by religion, tribal structure, and geography (city elites versus rural elites) in a way that led to a weak, inferior social fabric, and a political system prone to despotism.<sup>10</sup> Turner first discusses the differing strands of the mosaic model as it relates to Oriental despotism in Marx and Weber, the latter coming to the conclusion that the feudal model of expansion leads to acquisition of "booty," which pays for the state military and bureaucracy so that landlords could carry about state functions without the need to collect as much in taxes from peasants; the failure

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<sup>9</sup> Ibid, 203-208.

<sup>10</sup> Bryan S. Turner, *Marx and the End of Orientalism* (1978), 40.

of the empire to expand weakened this system.<sup>11</sup> Another problem would arise in Weber's view as surpluses were primarily invested in Islamic properties (*waqf*) for religious reasons (indicating non-capitalist spirit) and not into a merchant bourgeoisie, leading only religious minorities to be merchants.<sup>12</sup> That European states never built churches or invested in the architecture and the arts is simply incorrect, and this did not strictly further profits, likewise Islamic states should not be criticized for caring about their culture. Turner then engages with a study and criticism of other critiques against the mosaic theory and against culturalist Marxism, including studies on the modernizing role of the Egyptian military on the social structure and economy as a middle class, the similarities in ruling classes in Europe and the Arab world in that they both extracted surpluses from international trade in the pre-capitalist period (which invalidates the Marxist categories of feudal classes), and the integration of autonomous rural landowners into the international economy at the expense of Ottoman state functionality.<sup>13</sup> The process of world market integration by way of the wealthy and powerful class looking to expand its revenue is obviously less coercive than the Egyptian state's desire to fight peripheralization, though the result was the same – accepting subordination or attempting to fight it would end in European economic and/or political domination as far as the Middle East was concerned. Turner does an effective job in recontextualizing the heterogeneity of Ottoman society, instead of strictly being a reason for degradation, as simply a matter of fact in which the classes and peoples interacted in a certain way in the economic and political sphere.

Hanna Batatu, a Marxist himself, diverges from the traditional Marxist line that class analysis is not applicable in a study of Middle Eastern political economy for the reason that any

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<sup>11</sup> Ibid.

<sup>12</sup> Ibid, 45-46.

<sup>13</sup> Ibid, 48-51.

given Middle Eastern society is too diverse for there to be the existence of classes, and to defend his disagreement he critically engages with classes as he conceives them in Iraq in his work “The Old Social Classes and Revolutionary Movements in Iraq.” The steps in which Batatu accomplishes this task goes as follows: he first defends the understanding of class not just as those with property and those without but with upper and lower strata, as well as the fact that a class is both not always a concrete and conscious unit but exists as evidenced by class conditioned behavior, as was the case in Iraq in which the landless peasant was aware of the disparity between themselves and the landowning shaikh.<sup>14</sup> Batatu does not explicitly disagree with the fact that classes, as they are conceived of in Marxism, did not exist in previous centuries of Iraq’s history, but sees the religious, social, and political divisions that existed in urban Iraq during the Ottoman period formed what would, by the 20<sup>th</sup> century, come to constitute coherent classes with distinct economic and political characteristics.<sup>15</sup> As a result of exchange of Iraq’s integration into the world capitalist economy and the subsequent reforms, state centralization, and social changes, private property came to be more politically and socially salient (as well as more widespread than just in urban Iraq), a change which Batatu posits constituted the founding of a semi-unified landowning class in Iraq in spite of the geography’s diversity,<sup>16</sup> thereby invalidating the classical Marxist line that class does not fit into economic analysis of the Middle East. This brushes against Marx’s belief that capitalism destroyed non-Western societies; Batatu describes a process in which global capitalism did have social consequences but not outside of structures and groups that already existed, in that new group identifications were formed out of existing ones. Where this analysis does not stray from the Marxist line is in the understanding

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<sup>14</sup> Hanna Batatu, *The Old Social Classes and Revolutionary Movements in Iraq* (1978), 6-8.

<sup>15</sup> *Ibid*, 9-11.

<sup>16</sup> *Ibid*, 11-12.

that capitalism had uniquely modernizing and notable impacts on local economy, in that interaction with the global economy did not have class consequences until the era of imperialism and that it was capitalism that facilitated the creation of classes as they are understood in the Marxist school.

Immanuel Wallerstein, arguably the founder of the world systems analysis school of political economy, was also curious as to the story of the Middle East's (Ottoman) integration into the world capitalist economy. Wallerstein's understanding of the world system differentiates conceptually with the idea of the empire system, in that trade before the world system integrated a region would be largely luxury whereas a subordinated part of the world system would trade on a much larger scale in an interdependent ecosystem, and this was the relationship of the Ottoman Empire to the European system at the middle of the second millennium.<sup>17</sup> Wallerstein contends, through the writings of other academics, that the Ottoman economy was incorporated into the European world system by the 17<sup>th</sup> or 18<sup>th</sup> centuries, when raw materials were siphoned out of the provinces into Europe and, by the 19<sup>th</sup> century, European finished goods were sold in return which ruined Ottoman craft production and related the Ottoman Empire to a "peripheral" role in the world system.<sup>18</sup> One of Wallerstein's theories as to why the Ottoman Empire was peripheralized in the capitalist economy as opposed to other empires bordering the original European sphere, such as Russia, was that the Ottoman Empire's provinces were extremely geographically accessible for European capitalists to exploit.<sup>19</sup> This hypothesis was the most compelling in my view for several reasons, but to name one, because it strays from Orientalism in that it does not push forward a critique of the Ottoman Empire on the basis of heterogeneity;

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<sup>17</sup> Immanuel Wallerstein, "The Ottoman Empire and the Capitalist World Economy: Some Questions for Research," 390, 392.

<sup>18</sup> Ibid, 396, 398.

<sup>19</sup> Ibid, 398.



the Russian Empire was extremely heterogeneous yet was not integrated and peripheralized like the Ottoman Empire was, and its lands served a far less geostrategic value to a European state with a global empire to defend than the Ottoman Empire, with its territory in Egypt and its control over the Red and Arabian coastlines. The Ottoman Empire was also extremely coastal, which besides for geostrategic reasons, makes it far closer and more accessible to Europeans than Russia's remote, inland, and cold territory. The world systems framework serves a valuable model when dealing with questions of political economy and the pre-capitalist period, though it would take a deeper analysis of class and its interaction with the world system to make a fully convincing argument for world systems analysis as a hypothesis for the process of the Middle East's integration into the capitalist system.

Huri Islamoglu-Inan wrote a 1987 text recontextualizing Ottoman history within a world systems framework and in contrast to the Orientalist theory of Ottoman political and economic systems, which stressed an inherent backwardness and simplicity Marx called "Oriental Despotism." Islamoglu-Inan, inspired by Immanuel Wallerstein, summarizes the new perspective as aiming to "challenge the ahistorical and dichotomous views of world history and seeks to place the historical development ... in the context of a 'singular transformation' process – that of the European world-capitalism system."<sup>20</sup> In other words, the integration of the Middle East into the world market was not a function of the development of modern international capitalism as much as a truth of history for considerably longer, as research would indicate. Islamoglu-Inan examines the divergent analyses within the school of thought which include class reductionism, study of political institutions, among other sources for a complete understanding of the Ottoman Empire within the larger world system.<sup>21</sup> Islamoglu-Inan posits that the relevant area of study

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<sup>20</sup> Huri Islamoglu-Inan, "Introduction: 'Oriental Despotism' in World-System Perspective," 2.

<sup>21</sup> *Ibid.*, 8-9.

when it comes to Ottoman political economy are markets and trade, which linked the rural economy with the larger empire by cash, and was vulnerable to fluctuations given interactions with the European economy and global market in general, making it a valuable realm of study for a world systems analyst.<sup>22</sup> Islamoglu-Inan summarizes other world system-based narratives of the Ottoman Empire and its economy (in its multiple Middle Eastern and Balkan geographies), including a local capitalism in Egypt that interacted with and resisted global capitalist incursions during the pre-imperial period, research complicating the link between large estates for production and agriculture with peasant serfdom, the competition between Ottoman and British cotton and silk in the global market, and the importation of the Western wage system to the Ottoman Empire through European-managed ports.<sup>23</sup> Including this research gives a well-rounded view of world systems analysis as it pertains to the Ottoman Empire – analysis from many angles and sources of local structures and classes and their interaction with the global market and other societies. World systems analysis could do more to assimilate modernization theory, which can be academically dismissed compellingly, but practically, a considerable amount of economic policy in Middle Eastern nation-states were done with modernization in mind and had a considerable effect on peoples (and classes) in the region; this of course does not dispute the validity of world systems historical revisionism. Where world systems analysis could improve is an acknowledgement that local pressures often did subvert the pressures of the international market, which would not completely dismiss world systems analysis but rather measure it by the degrees of connection a local economy had to the European world capitalist economy, which objectively varied in different times and geographies (the Wallerstein-Stern debate reflects this issue).

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<sup>22</sup> Ibid, 10.

<sup>23</sup> Ibid, 13-14, 16, 18.

Islamoglu-Inan, in an earlier piece, criticized existing scholarship with Caglar Keyder in their 1977 piece “Agenda for Ottoman History.” They first hit back at Gibb and Bowen for hypocrisy regarding the failure of “Oriental despotism” to explain high points of Islamic civilizations, as well as criticizing Lewis for failing to situate the Ottoman Empire in relation to the global economy,<sup>24</sup> a criticism in the spirit of Wallerstein. They then proposed the term “Asiatic mode of production” to refer to the Ottoman economic system, which in their conception meant the arrangement “in which the agricultural producer is a free peasant and his surplus is appropriated in the form of taxes by the state;” they furthered this conception through the analysis of different classes, producers, and state organs and their interrelation over a diverse geography.<sup>25</sup> An example of this is the *sipahi* in the earlier Ottoman years, as they were awarded surpluses in the form of land rights while acting as judicial and legal (and military) agents of the state in its provinces.<sup>26</sup> In this vein, Islamoglu-Inan and Keyder attribute the decline in state power and revenue to the transition of the revenue collecting class to the tax farmers, who did not perform the same state ideological and judicial powers as the *sipahi*, as well as the further autonomy of the collectors leading to what could be called “feudalism” of the tax-farmer peasant relationship in Ottoman Anatolia; this occurred in tandem with the rise of commercialized production that oriented the Ottoman Empire into the world capitalist economy as a peripheral player.<sup>27</sup> This argument is oddly similar to Weber’s understanding of class interaction, though Weber’s analysis was marred by subjectivity and culturalism. This text embodies the spirit of the world systems analysis to a degree, evaluating the Ottoman system as its own sphere of gravity (though not without trade relations with states to its East and West) and examining internal

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<sup>24</sup> Huri Islamoglu-Inan and Caglar Keyder, “Agenda for Ottoman History,” 34, 36.

<sup>25</sup> *Ibid.*, 37, 39-40.

<sup>26</sup> *Ibid.*, 38-39.

<sup>27</sup> *Ibid.*, 49, 51.

pressures as a reason for the ability of the world capitalist economy to more easily subordinate the Ottoman economy to a peripheral status. The class analysis, as it relates to state power, and the dynamics of the “Asiatic” system as it relates to the world capitalist economy demonstrates a considerable academic leap from Marx’s “Oriental despotism” – to a real Middle Eastern political economy.

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