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Economic liberty and Islam

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DOHA, Qatar.

Is there something inherent in Islam that has resulted in most Muslims living in poor countries, with the exception of the relatively few who live in the oil rich states? This was just one of the questions a group of American and Islamic scholars and experts were trying to answer in Doha, Qatar, last week.

Qatar has the world's second largest gas reserves (after Russia) along with considerable oil, yet it only has about 200,000 citizens (and 600,000 foreign workers). The city of Doha, where roughly half of the population lives, gives the appearance of being the world's largest and most modern and luxurious conference center.

The reality for most Muslims is radically different. There about 1.3 billion Muslims (21 percent of the world's population), contrasted with 2.1 billion Christians (about 33 percent of the world's population). (The "nonreligious," Hindus, Buddhists and/or traditional Chinese account for another 42 percent; while the remaining 4 percent of the world's population are scattered among thousands of other religions). While Christians are disproportionately rich, Muslims are disproportionately poor.

The U.N. publishes the Human Development Index (HDI) each year. The HDI is a comparative measure of life expectancy, literacy, education and standards of living. The Index was originally developed in 1990 by a Pakistani economist. Of the 32 countries rated "High" last year, not one was a Muslim majority country. However, of the 30 countries rated "Low," 16 were Muslim countries.

There are two major indices of economic freedom: one produced by the Heritage Foundation and the Wall Street Journal and the other under the auspices of the Fraser and Cato Institutes. Each uses a slightly different methodology but both show Islamic countries on average have much lower economic freedom than non-Islamic countries.

The World Bank provides a ranking each year of countries by per capita income, and also an index of "Ease of Doing Business" (EDB) by country. Again, both these indices show that the Islamic countries are greatly underrepresented in the top quintile and overrepresented in the bottom, despite having several very oil rich low-population countries. Roughly one-quarter of the world's countries have a Muslim majority, so it would be expected they should represent about 25 percent of each of the quintiles in the

accompanying table were development and economic freedom equally or even randomly distributed among the world's nations.

INDICIES OF DEVELOPMENT AND ECONOMIC FREEDOM		
Index	Countries with Muslim Majorities	
	Highest Quintile	Lowest Quintile
UN-HDI	zero	57%
Heritage/WSJ	zero	48%
Fraser/Cato	1%	27%
World Bank-EDB	0.03%	51%
WB-Per Capita Income	0.07%	31%

Economic studies show a high correlation between economic freedom and economic growth and prosperity. In conversations with Islamic scholars and intellectuals at the conference sponsored by the Brookings Institution and the Foreign Ministry of Qatar, I heard considerable differences of opinion regarding which, if any, economic freedoms are incompatible with the teachings of Islam. Yet, it was recognized that practices in many Islamic countries have caused them to fall behind economically, such as the subjugation of women, restrictions on interest payments and excessive state interference with the economy.

In Western and most Asian countries women have been totally integrated into the economic system for several decades. If a culture restricts women from working, denies them equal educational opportunities, and/or limits the occupations they are allowed to enter, it will not be competitive with societies that allow women to reach their full potential. Most Islamic countries suffer from too little education (particularly in engineering and the sciences), and too much state ownership, bureaucracy, and corruption.

A major concern of the Islamic leaders at the conference was the brain drain from Islamic countries to other parts of the world. More than 50 percent of students who attend foreign schools do not return, and 88 percent of those majoring in science and engineering do not return. With the encouragement of Muslim governments, foreign universities have opened branches in some of these countries, including Qatar, that provide more scientific and business education.

As long as the Islamic world remains relatively poor and uneducated compared with the rest of the world, the young will have higher levels of discontent and will be easy prey to the Islamic fundamentalists. While many modern and moderate Muslims realize bashing the West, the U.S. and President Bush, in particular, will not solve the ills of the Islamic societies and economies, most still do not appreciate the full importance of economic freedom in giving their people hope, opportunity, and productive lives.

Only in the last couple of centuries have most Christian nations empowered women and removed the impediments to economic growth that had kept them poor. Those Islamic nations that are moving the fastest toward economic enlightenment are already showing the positive results that should be the role model for the rest of their Islamic world.

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