

Rodney Wilson
Economic Development in the Middle East
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Despite the fact that the countries of the Middle-East are rich in terms of per capita income in view of the income from oil, gas and other natural resources, they still fall far behind other developing regions, especially Latin America and South East Asia, in terms of economic development. The questions that arise are: what is the reason? Has Islam anything to do with this situation? Is there a conflict between Islamic values and economic development? These are the questions that this book tries to answer.

The second half of the twentieth century has witnessed a major debate in the Muslim world, namely whether Islam is an impediment or rather a booster to economic growth and development. Despite the unprecedented development achieved by the Middle-East during the Middle-Ages and the historical evidence presented by historians and economists such as Gustave Le Bon (1884) and Jacques Austruy (1961) that Islam was the main force behind the success of the Islamic civilization in achieving very high rates of growth and development at a time when the Western world was under what is known as the "Dark-Ages", there are still those who, like Pryor (1985), Watt (1989) and John Perkins (2003), consider any religion like Islam as an obstacle to economic growth and development and attribute the low level of development in the Middle-East to the population's adherence to Islamic beliefs. More recently however, in a study on "Religion, Culture and economic Performance" Marcus Noland (2003) concludes: "The results with respect to Islam do not support the notion that it is inimical to growth. On the contrary, virtually every statistically significant coefficient on Muslim populations shares reported in this paper-in both cross section and within country statistical analyses- is positive. If anything, Islam promotes growth".

The author of the book under review, Professor Rodney Wilson, is a well-known Western expert on the Economies of the Middle-East and on Islamic Economics, Banking and Finance. He has written more than a dozen books and tens of articles on related topics, supervised a large number of student researchers from the Sudan, Jordan and other Islamic Countries, participated in many conferences especially on Islamic economics and banking and has been an advisor to a number of Muslim Countries' governments. His objective in this study is to provide an account of the recent experience of development in the Middle-East that will enhance the reader's understanding of how the development process works or fails in an important region of the world such as the Middle East region with several unique characteristics. He does not study or describe particular economies of the Middle East rather; his intent is to identify regional themes and issues and to draw on the Middle East experience for illustrative purposes.

The central theme of the study emphasizes the uniqueness of the Middle East. It, especially, emphasizes the influence of Islam on the Muslim societies and explains how Islam has its own economic system that is neither capitalist nor communist (p.8). It contends: "The countries of the Middle East all have Muslim majority populations, many of whom are devout in their religious beliefs and all of whom have been affected to a greater or lesser extent by Islam" (p.99).

This book is an extremely scholarly and well researched study. It examines thoroughly the economic indicators for the region and poses the following questions: What has gone wrong with the region's development? Why has so little been achieved despite the economic efforts and sacrifices? Is Islam or the West to blame; in other words are the causes of failure internal or external? He acknowledges that, clearly there are no simple answers, but he, nevertheless, argues that there are several factors distorting the development pattern and inhibiting healthy growth. He points out that oil revenues may have provided development finance, but it has also encouraged consumption rather than non-oil production (p.9). The author also explains the failure of the region to achieve noticeable development as a result of the regional conflicts (First and Second Gulf Wars) which severely distorted the pattern of development. He points out the fact that more is spent on armaments by Middle Eastern nations than the rest of the Third World combined. This situation creates a deep sense of frustration that the region is more dependent on the outside world and the West in particular, than ever before.

While discussing the various measurements for economic development, he points out that growth in GNP is no doubt an important indicator, but attention also needs to be given to changes in the pattern of income distribution. Per capita income may be increasing, but poverty may not be declining. There is also a need to know what is the position with regard to education, health, availability to safe water supply and employment. With the help of a number of charts, he shows that there are wide disparities in the level of unemployment, health and educational facilities in Middle Eastern countries.

Rodney Wilson questions the universality of the neo-classical approach to economic development in the Middle-East which neglects moral values and focuses on material advancement. He points out that there is no inherent conflict between moral values and economic development and suggests an alternative economic direction that takes into consideration the Islamic religion and culture of the region's population. In addition to this, he devotes the whole of chapter six to the Islamic Model of Economic Development which has been neglected up to now not only by Western economists but even by some Muslim economists and politicians. In this chapter, he presents and discusses the Islamic views on trade and commercial activity, on just rewards in an Islamic economy, on the prohibition of interest, on Islamic banking and finance, on taxation, on insurance, etc., and concludes it by saying: "Overall it is evident how Islamic economic teaching provides a comprehensive set of principles governing commerce, banking, public finance and even insurance" (p.121).

The author succeeds in producing a lucid, tightly structured, but nevertheless very readable book. The language is essentially non technical which allows the material to be understood by a wide readership, and not only by trained economists. Mathematical presentation is avoided, as is econometric analysis. Instead economic trends are illustrated by line and bar charts, and comparisons between countries of the region are made using XY scatter plots, with linear regression line computed to illustrate whether the relationship between X and Y variables is negative or positive. He considers the economic consequences of rapid population growth, the absence of significant private capital inflows and foreign investment, fragmentation in the banking system and insignificant bond markets and he stresses that both the goals of development and the methods used to promote development have to be reassessed for a region where an Islamic value system prevails, as development solutions which respect Muslim values may have more chance of success than those simply imported from the West.

The book is written for a worldwide readership with the aim to increase Middle Eastern economic awareness. It may serve as an excellent textbook on economic development in Muslim countries at least.

References

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