

# Economic Issues of Muslim Countries

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## Abstract

The majority of Muslim countries are facing several economic issues. A few Muslim countries attain highest GDP growth and per capita income. Nonetheless, most of Muslim countries are facing low GDP and Per capita income. Population of a few Muslim countries is also in miserable conditions. They have not even access to basic necessities of life. In most Muslim countries, the literacy rate is almost 90 per cent. Nonetheless, the literacy rate is less than fifty percent in a few Muslim countries. Some Muslim countries are facing the challenge of unemployment due to the absence of skilled labor force that is the requirement of a dynamic economy. West is also making Muslim countries financially weaker through conditional debt with high rate of interest and aid. Western economic policy wants the access, by hook or by crook, of west to the mineral resources of Islamic countries. Islam strictly prohibits interest based debt and conditional economic assistance which affects the Islamic norms. Islam has also no space for any economic policy which is meant to exploit an individual or a group. Presently, economic integration of Islamic world is imperative to resolve the economic issues. The purpose of this research paper is to highlight the economic issues of Islamic world and analyses it in the light of Islamic teachings. The research paper follows content analyze.

**Keywords:** Muslim Countries, Economic Growth, Development, Skilled Labor Force, Poverty, Debt and Aid.

The majority of the Muslim countries have been facing several economic issues, such as wide fiscal deficit, low growth of GDP, low per capita income, poverty, illiteracy, unemployment, external and internal burden of debt, foreign aid and its influence, foreign trade deficit, corruption and extravagance of ruling and elite class etc.

Lukman Raimi & Mobolaji Hakeem Ishola describe, "Some of Muslim countries have high liability of external debts. Their debt-to-GNP ratio is greater than that of other less developed countries. The poverty rate is also high in the African Muslim countries such as Sudan, Somalia, and Niger due to insufficient resources, famine, civil war and other natural catastrophes. It leads to a perception of the economic collaboration as economic aid and uneven trade ties. Most of the Muslim countries in foreign trade receive less monetary gain from exports of raw materials, while capital spending remains high due to foreign capital and imports of manufacturing equipment."<sup>1</sup> Usman Ahmed discusses the problem of the foreign debt of Muslim countries. He says, "Paper currency is an instrument of capitalist economy to restrain underdeveloped and small nations. In the present era, due to the present currency system, no nation is exempted from financial restrictions of USA. IMF and World Bank provide economic assistance in USA dollars to undeveloped and developing countries. The USA incurs the actual cost of ink and paper, while the liability is transferred to the borrowing country."<sup>2</sup> The crucial condition for Muslim countries is that they are economically integrated and dependent on other nations that threaten their sovereignty and regional integrity. Abdul Rashid Naeem and Rabia Naz describe, "Muslim

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<sup>1</sup> Raimi, L. & Mobolaji Hakeem, Imperative of Economic Integration Among Muslim Countries: Lessons from European Globalization, *Humanomics*, 2008, Vol. 24, Issue:2, 139.

<sup>2</sup> Ahmed, U., Legal Status of Currency Note in Shariah: An Issue of Islamic Markets, *Al-Qalam (Lahore)*, 2019, Vol.24, Issue :1, 9.

countries have a strange combination of power and impuissance. They have the complete ingredients of the power. Unfortunately, Muslim countries have been exploited by the developed nations, and are now considered a threat by the developed countries.”<sup>3</sup> Quran and Sunnah ascribe the Muslims a comprehensive means for the economic integration and prosperity. Furthermore, Muslim countries are endowed with natural resources. They should endeavor for the economic integration and the growth. They should not kneel before the world powers under fear and insecurity.

A few economic issues of the Muslim countries have been identified below.

#### **Gross Domestic Product (GDP) Growth:**

The growth rate of GDP manifests the country's whole economic condition. The faster rate of GDP growth is an indicator to a nation's economic growth and prosperity. Economic development, generally indicates the decrease of the budget deficit, favorable environment of the investment, demand of the capital and the consumer goods, foreign trade balance, low unemployment rate, tendency of increase in wages, educational development and improved health facilities etc. While the low GDP indicates the unfavorable economic condition of a nation, where the public is deprived of the basic necessities of life and facilities. The example of such countries are Chad, Somali, Sudan, Mozambique and Niger etc.

The GDP growth of Muslim countries is presented in the table below.

##### **1. GDP Growth (Annual %)**

Country	2018	2019	2020	Country	2018	2019	2020
Azerbaijan	1.5	2.5	-4.3	Chad	2.4	3.2	-0.9
Bahrain	2.1	2.1	-5.1	Gabon	0.8	3.9	-1.8
Iraq	2.6	6.0	-15.7	Kazakhstan	4.1	4.5	-2.5
Jordan	1.9	2.0	-1.6	Kyrgyzstan	3.8	4.6	-8.6
Kuwait	1.2	0.4	-8.7	Tajikistan	7.6	7.4	4.5
Lebanon	-1.7	-7.2	-21.5	Turkmenistan	6.2	6.3	-
Oman	1.2	-0.8	-	Uzbekistan	5.4	5.7	1.7
West Bank & Gaza	1.2	1.4	-11.5	Comoros	3.6	1.8	-0.1
Qatar	1.2	0.7	-3.6	Djibouti	8.4	7.8	0.5
Saudi Arabia	2.4	0.3	-4.1	Mozambique	3.4	2.3	-1.2
Syria	1.5	3.7	-	Somalia	6.6	7.7	2.4
Turkey	3.0	0.9	1.8	Uganda	6.3	6.4	3.0
UAE	1.2	3.4	-6.1	Benin	6.7	6.9	3.8

<sup>3</sup> Rashid, A. Naeem, and Rabia Naz, Economic Integration: Hidden Bounty For the Muslim World, *Pakistan Economic and Social Review (Lahore)*, Vol. XLIII, No. 2, 2005, 228.

Yemen	0.8	-	-	Burkina Faso	6.6	5.7	1.9
Afghanistan	1.2	3.9	-2.4	Gambia	7.2	6.2	-0.2
Bangladesh	7.9	8.2	3.5	Guinea	6.4	5.6	7.0
Iran	-6.0	-6.8	3.4	Guinea-Bissau	1.3	4.5	-2.4
Maldives	8.1	6.9	-33.5	Cote d'Ivoire	6.9	6.2	2.0
Pakistan	5.8	1.1	-0.9	Mali	4.7	4.8	-1.2
Brunei	0.1	3.9	1.1	Mauritania	4.5	5.8	-1.8
Indonesia	5.2	5.0	-2.1	Niger	7.2	5.9	3.6
Malaysia	4.8	4.4	-5.6	Nigeria	1.9	2.2	-1.8
Algeria	1.1	1.0	-5.1	Sierra Leone	3.5	5.3	-2.0
Egypt	5.3	5.6	3.6	Togo	5.0	5.5	1.8
Libya	15.1	2.5	-31.3	Senegal	6.2	4.4	1.5
Morocco	3.1	2.6	-6.3	Guyana	4.4	5.4	43.5
Sudan	-2.7	-2.2	-3.6	Suriname	4.9	1.1	-15.9
Tunisia	2.5	1.4	-9.2	Albania	4.0	2.1	-4.0
Cameroon	4.0	3.5	0.5	-	-	-	

(The World Bank, <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG> , accessed December 25, 2021)

In 2020, GDP of all Muslim countries have been worsened due to Covid-19 pandemic. However, in 2018-2019, the countries with a better growth of GDPs were Bangladesh, Djibouti, Somalia, Tajikistan, Maldives, Benin, Uganda, Turkmenistan, Gambia, Cote d'Ivoire, Iraq and Niger etcetera.

GDP growth rate is lower in Yemen, Lebanon, Oman, Chad, Iraq, Gabon, Sudan and Nigeria etc.

#### **GDP Per-Capita Income Growth:**

GDP per capita income\* indicates the average per-person income as well as people's standard of living (in some extent) of a country. However, in case of Gabon, its GDP growth per capita income is better. Whereas, it is facing higher unemployment rate and more than fifty percent of its population is living below the poverty line. Most of countries, with a high per capita growth rate, have improved quality of life for the majority of the population. The instance of such countries are Qatar, UAE, Kuwait,

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\* The total value of all the goods and services produced by a country in a particular year, divided by the number of people living there. (<https://dictionary.cambridge.org/dictionary/english/gdp-per-capita>, accessed July 17, 2020).

Bahrain and Saudi Arabia etc. The following table presents the GDP per capita of Muslim countries.

**2. Income Level of Muslim Countries in 2020 (GNI Per Capita)**

<b>LOW-INCOME ECONOMIES</b> (\$1,045 OR LESS) <b>27/16</b>	<b>LOWER-MIDDLE INCOME ECONOMIES</b> (\$1,046 TO \$4,095) <b>55/20</b>	<b>UPPER-MIDDLE-INCOME ECONOMIES</b> (\$4,096 TO \$12,695) <b>55/14</b>	<b>HIGH-INCOME ECONOMIES</b> (\$12,696 OR MORE) <b>80/07</b>
Afghanistan Burkina Faso Chad Gambia, The Guinea Guinea-Bissau Mali Mozambique Niger Sierra Leone Somalia Sudan Syrian Togo Uganda Yemen	Algeria Bangladesh Benin Cameroon Comoros Côte d'Ivoire Djibouti Egypt, Arab Rep. Indonesia Iran Kyrgyz Republic Mauritania Morocco Nigeria Pakistan Senegal Tajikistan Tunisia Uzbekistan West Bank and Gaza	Albania Azerbaijan Gabon Guyana Iraq Jordan Kazakhstan Lebanon Libya Malaysia Maldives Suriname Turkey Turkmenistan	Bahrain Brunei Kuwait Oman Qatar Saudi Arabia UAE

(The World Bank, World Bank Country and Lending Groups

<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>, accessed December 25, 2021)

According to the table, Muslim countries have a highly varied levels of income. Among eighty countries with higher income, the GNI per capita of seven Muslim countries was higher due to mineral resources and introduction of structural reforms. These countries are known as petrodollar countries with six countries from Middle East and one, Brunei Darussalam, from Southeast Asia. Upper-middle income economies were from different parts of the world such as Albania and Turkey from Europe, Suriname from America, Malaysia from Southeast Asia, Lebanon and Jordan from Western Asia and Turkmenistan and Kazakhstan from Central Asia. Mostly, Muslim countries fall into the category of low middle income economies. However, there were fourteen Muslim countries in the category of lower-income economies. They have the lowest GNI per capita, US\$ 1045 or below, among Muslim countries.

**Poverty:**

Poverty indicates that an individual or society does not have sufficient financial resources to meet the basic needs of life. The United Nations defines, “Poverty entails more than the lack of income and productive resources to ensure sustainable livelihoods. Among its manifestations are hunger and malnutrition, limited access to education and other basic services, social discrimination and exclusion, and lack of participation in decision-making.”<sup>4</sup> According to the UN report: “In 2018, around 8% of workers worldwide and their families were living on less than US\$1.90 per person per day. The majority of those living below the poverty line are from South Asia and sub-Saharan Africa. Moreover, 55 % of the world’s population have no access to at least one social protection cash benefit.”<sup>5</sup>

Muhammad Akram Khan discusses several causes of poverty in Muslim countries such as “the interests-based economy and the colonial powers that have ruled most of these countries for nearly two centuries. They exploited Muslim countries through free trade, because products were bought in the colonies at very low prices, while manufactured goods were sold at high prices. International exploitation still persists in the form of interest based debt, foreign assistances and multinational collaboration etc. What is more, the countries that remained under the domination of the colonial powers. Their national economic policies such as the benefits of development remained limited to a small urban elite as they received tax incentives for establishing industries. Similarly, rural poverty exists in Muslim countries as a result of the land system and the low wages of rural workers as well as the low prices of their products. Regional disparities further worsen poverty.”<sup>6</sup>

Luca Ventrue also added the list of the impoverished countries in the world. In 2019, the number of Muslim countries stood at 20 out of the top 50 poorest countries. These countries and with their order are as such: Sierra Leone (11), Togo (13), Guinea-Bissau (15), Afghanistan (16), Burkina Faso(17),Yemen (20), Guinea (21), Mali (23), Chad (24), Benin (26), Uganda( 28), The Gambia (29), Tajikistan (35), Senegal (39), Cameroon (41), Kyrgyzstan (42), Djibouti( 43), Sudan (44), Mauritania (46), Bangladesh(50).<sup>7</sup>

The poorest countries in the world are suffering from civil war and sectarian and ethnic conflicts. According to an analysis by Luca Ventrue, “In 2019, Comoros was placed on ninth among the top ten poorest countries. It relies on both foreign and technical assistance. Most of people depend on forestry, fishing and tourism for their sustenance. The unemployment rate is high, since the labor force is low-skilled and poorly educated. In 2016, to combat poverty and structural reforms, numerous programs were launched. Nevertheless, political instability, budget deficits and prolonged power outages are significant impediments for running a business in norms. Mozambique has been ranked at the sixth position. It has an abundance of cultivated land and mineral,

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<sup>4</sup> United Nation, Ending Poverty, <https://www.un.org/en/sections/issues-depth/poverty/>, accessed July 17, 2020.

<sup>5</sup> Ibid

<sup>6</sup> Khan, M. A., Elimination of Poverty in the Islamic Economic Framework, *Islamic Studies (Islamabad)*, 1990, Vol. 29, No. 2, 146-149.

<sup>7</sup> Luca Ventrue, Poorest Countries in the World 2019, Global Finance, 17 April 2019 <https://www.gfmag.com/global-data/economic-data/the-poorest-countries-in-the-world> accessed June 15, 2020.

energy and water resources. The recent discovery of an offshore natural gas resource is estimated to add \$40 billion to its economy by 2035. Mozambique got through a civil war for fifteen years, which ended in 1992. Furthermore, political instability, corruption and severe climate conditions remain obstacles in the economic growth.<sup>8</sup>

In 2020, Mozambique successfully attracted foreign investment. French company, Total S. A., secured \$15.8 billion in funding for a liquefied natural gas facility in the region. It was the biggest foreign direct investment ever in Africa. It had been expected that the project would mark the start of a new beginning. Nonetheless, in April 2021, after repeated setbacks due to the escalation of violent attacks in the area, the company announced that it would suspend its operations indefinitely, depriving the country of much-needed income.<sup>9</sup>

Niger has been placed at the fifth position. Its population derives its sustenance from small-scale farming. Niger faces the threat of desertification and climate change. Food insecurity is also elevated because of disease and mortality. Thousands of people have been displaced due to the army recurrent clashes with jihadist group and Islamic State (ISIS) affiliate Boko Haram. It has natural resources like gold and uranium that have been affected by volatility and low commodity prices.<sup>10</sup>

In 2021, according to an analysis by Luca Ventrucci, Somalia has been placed at third position, Mozambique at the sixth and Niger at the seventh position among the top ten poorest country.<sup>11</sup>

According to a report of International Federation of Red Cross, in Somalia 5.6 million people are currently food insecure and 2.8 million people cannot meet their daily food requirements due to the compounding impacts of extended drought, flooding, desert locust infestations, the economic impacts of COVID-19 and the conflict.<sup>12</sup>

Nairobi describes that economy of Somalia is recovering from the triple-shock that ravaged the country in 2020. These were the locust infestation, extreme flooding, and the COVID-19 pandemic. The economy was contracted by 0.4% in 2020, less severe than the 1.5% projected contraction at the onset of the global pandemic. It has been highlighted in the World Bank report that thirty years of political instability has made health system of Somalia the second most fragile system in the world. Moreover, the disruptions stemming from COVID-19 containment measures reduced federal and state revenue collection while increased pressure to spend more on health and the relief of disaster. The report also notes that strengthening Somalia's health system is one of the biggest direct influences on improving and increasing human and economic development.<sup>13</sup>

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<sup>8</sup> Ibid

<sup>9</sup> Poorest Countries in the World 2021, Global Finance, 12 December 2021, <https://www.gfmag.com/global-data/economic-data/the-poorest-countries-in-the-world>, accessed December 24, 2021.

<sup>10</sup> Ibid, 17 April 2019.

<sup>11</sup> Ibid, 12 December 2021.

<sup>12</sup> International Federation of Red Cross, Somalia: Hunger Crisis 2021, <https://www.ifrc.org/emergency/somalia-hunger-crisis-2021>, accessed December 24, 2021.

<sup>13</sup> The World Bank, Somalia's Economy Rebounding from the "triple shock", 14 September 2021, <https://www.worldbank.org/en/news/press-release/2021/09/14/somalia-s-economy-rebounding-from-triple-shock>, accessed December 24, 2021.

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In Islam, the basic obligation of a sovereign is to provide individuals with the basic necessities of life. Holy Prophet (S.A.W) said: “The Imam whoever closes his door for the needy, the poor and the miserable, Allah Almighty also closes the gates of heaven when he is in need, poverty and misery.”<sup>15</sup> Holy Prophet (S.A.W): “On Doom's Day, a just ruler would be the dearest to Allah Almighty, and most near to Him, while in sitting. The most hated of Allah Almighty and the most distant from Him while sitting, would be a cruel ruler.”<sup>16</sup> Hazrat Umar Farooq (R.A) projected and implemented the welfare policy and the poverty eradication programs for all the regions of the Islamic state. He said: “If I survived, I would leave the widows of Iraq in such a state that they would not need anyone after me.”<sup>17</sup> Hazrat Umar (R.A) said: “The amount collected by communities of Arab's villagers would be returned to them, so each of them might have hundred camels. The residents of Iraq and Iran should gain benefits and endure restrictions like an Arab villager.”<sup>18</sup> “It is narrated by Hassan that few persons came to Hazrat Umar (R.A) and said that their ruler granted Arabs, but he left the non-Arabs. Hazrat Umar (R.A) wrote to him that it is immoral if he considers anyone of his Muslim brother inferior.” “Hazrat Umar bin Abdul Aziz (R.A) also ordered zakat to be distributed equally between Arabs and free non-Arabs.”<sup>19</sup> There was also political stability in the eras of Hazrat Umar (R.A) and Hazrat Umar bin Abdul Aziz (R.A), because of ensuring the economic rights to every region of the Islamic state. Muslim countries need to reduce the regional disparity for the prosperity of common people.

Economically stable Muslim countries have a responsibility to allocate the funds for the poor and the needy Muslim countries. The rightful distribution of funds should also be ensured. The funds should not be embezzled. It is imperative that the people of rich Muslim countries may sacrifice their luxury for the welfare of the Muslim *Ummah*. Their additional financial resources should be diverted to poor Muslim countries. In the same way, it is responsibility of the people of every Muslim country to work for the prosperity of the deprived ones in their society. The system of Zakat and *Infāq* must be made effective. A fair system of distribution of wealth and development of socio-economic infrastructure is also indispensable. Government must make policies and take practical measures to eradicate poverty to enhance employment facilities for the poor. This way, they will contribute to the prosperity of the nation rather than being a burden on society.

### **Education:**

Education is the most critical and fundamental component of development for any nation. Holy Prophet (SAW) said, “To seek knowledge is an obligation on every

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<sup>14</sup> Ibid.

<sup>15</sup> Al-Timidhī, M. bin Iesa., *Al-Sūnan*, 1st ed., (Riyadh: Dār-al-Salām, 1999), Ḥadīth:1332.

<sup>16</sup> Ibid, Ḥadīth No. 1329.

<sup>17</sup> Abū Yūsuf, Y. bin Ibrāhīm, *Kitāb-ul-Kharāj*, 5th ed., (Beirut: Dār-āl-Ma'rifāh), 37.

<sup>18</sup> Abū 'Ubayd, Q. bin Salam, *Kitāb-ul-Amwāl*, (Egypt: Dār-āl-Fikar, 1981), 220.

<sup>19</sup> Ibid, 221.

Muslim (male and female).”<sup>20</sup> Seyyed Hossein Nasar is of the view, “For the integration of Muslims, entire initiatives should be taken to integrate the minds and the souls of Muslims and unite them inwardly. It would be attained by the re - Islamization of the education at each level in the Muslim countries. In this context, efforts would be made to generate greater perception and mutual respect through worldwide interpretation of the message of Islam that would be acceptable for all the followers of Islam. In this way, especially those divergences will be significantly reduced, which are very well manipulated by the world powers.”<sup>21</sup>

The unfortunate aspect is that Muslims are not only lagging behind in the modern education, but also their progress in religious education is not singular. Muslim *Ummah* may dominate the world by the acquisition of knowledge. The advancement in the area of scientific discipline and technology is also a requirement.

The following table provides the literacy rate for Muslim countries.

### 3. Literacy Rate (Age 15 and over can read and write)

Country	Year	Literacy	Country	Year	Literacy	Country	Year	Literacy
Azerbaijan	2017	99.8	Brunei	2018	97.2	Mozambique	2017	60.7
Bahrain	2018	97.5	Indonesia	2018	95.7	Somalia		-
Iraq	2018	50.1	Malaysia	2016	93.7	Uganda	2018	76.5
Jordan	2018	98.2	Algeria	2018	81.4	Benin	2018	42.4
Kuwait	2018	96.1	Egypt	2017	71.2	Burkina Faso	2018	41.2
Lebanon	2018	95.1	Libya	2015	91	Gambia	2015	50.8
Oman	2018	95.7	Morocco	2018	73.8	Guinea	2015	30.40
Gaza Strip & West Bank	2018	97.2	Sudan	2018	60.7	Guinea-Bissau	2015	59.9
Qatar	2017	93.5	Tunisia	2015	81.8	Cote d'Ivoire	2018	47.2
Saudi Arabia	2017	95.3	Cameroon	2018	77.1	Mali	2018	35.5
Syria	2015	86.4	Chad	2016	22.3	Mauritania	2018	91.3
Turkey	2015	96.2	Gabon	2018	84.7	Niger	2015	19.1
UAE	2015	93.8	Kazakhstan	2015	99.8	Nigeria	2018	62%

<sup>20</sup> Ibn Mājah, M. ibn Yazīd, al- Qazwīnī, *Al-Sūnan*, 1st ed., (Riyadh: Dār-al-Salām, 1999), Ḥadīth: 224

<sup>21</sup> Nasar, S. H., Islamic Unity- The Ideal and Obstacles in the Way of its Realization, *Islamic Studies*, Vol. 36, No. 4, 1997, 661.



Yemen	2015	70.1	Kyrgyzstan	2018	99.6	Sierra Leone	2018	43.2
Afghanistan	2018	43	Tajikistan	2015	99.8	Togo	2015	63.7
Bangladesh	2018	73.9	Turkmenistan	2015	99.7	Senegal	2017	51.9
Iran	2016	85.5	Uzbekistan	2016	100	Guyana	2015	88.5
Maldives	2016	97.7	Comoros	2018	58.8	Suriname	2018	94.4
Pakistan	2015	59.1	Djibouti		-	Albania	2018	98.1

(Central Intelligence Agency, The World FactBook, Literacy, <https://www.cia.gov/library/publications/the-world-factbook/fields/370.html> accessed July 28, 2020)

According to the table, as a whole, literacy rate of the Muslim countries is rather better. In most Muslim countries, the literacy rate is almost 90 per cent. Nonetheless, the literacy rate is less than fifty percent in Chad, Afghanistan, Benin, Burkina Faso, Cote d'Ivoire, Guinea, Mali, Niger and Sierra Leone. Literacy rate has been accounted 19.10% in Niger, which is the lowest literacy rate among Muslim countries. Over one-quarter of the males are literate, whereas 11% of females are literate.<sup>22</sup> Chad has been positioned the second lowest illiterate country with a 22.3 % literacy rate. "Chad has an enormous lack of human capital and skills in approximately entire economic sectors. It partially illuminates country's disinclination to enroll in scientific and technical education programs (fewer than 2% of secondary students enroll in science courses). Therefore, in several sectors, Chad depends on foreign labor, mostly from Cameroon."<sup>23</sup> "Guinea literacy rate has been estimated 30.40%, which is the third largest illiterate Muslim state. The literacy rate of male is more than 38%, whereas it is less than 23% in female. Both of the countries have an issue of the gender discrepancy in the literacy."<sup>24</sup>

The importance of educated and trained manpower for the economic development of any country cannot be denied. One of the main objectives of the economic policy of an Islamic state is to plan for the development of human resources. This includes providing individuals with technical education and training, ethical values consistent with Islamic teachings, and decent employment. This makes them beneficial to the economy and society, and thus they may perform their duties as an active member of the state.

Allah Almighty bestowed the Muslim countries with talented people. But, for the development of human resources, talent needs education and the best guidance can be claimed from the educational principles of Holy Prophet (S.A.W). Muslim *Ummah* has paved the way of progress in the field of education. Similarly, following the educational principles based on the teachings of Quran and Sunnah, Muslims can play an important role in reviving their past.

<sup>22</sup> Literacy Rate by Country 2020, <https://worldpopulationreview.com/countries/literacy-rate-by-country/>, accessed July 19, 2020.

<sup>23</sup> African Development Bank Group, Chad Economic Outlook, <https://www.afdb.org/en/countries/central-africa/chad/chad-economic-outlook>, accessed July 19, 2020.

<sup>24</sup> Literacy Rate by Country 2020, <https://worldpopulationreview.com/countries/literacy-rate-by-country/>, accessed July 19, 2020.

Educational development ensures to human welfare. Holy Prophet (S.A.W) said: “O Allah Almighty, I seek refuge in You from four things; from knowledge that does not benefit, from a heart that does not choose humility, from a soul that is not satisfied, and from a supplication that is not heard.”<sup>25</sup> Beneficial knowledge is that which benefits Allah’s creatures. Holy Prophet (S.A.W) used to send his companions to different places to acquire knowledge. The Companions of Holy Prophet (S.A.W) also learned the languages of other nations. For example “Hazrat Zayed bin Thābit (R.A) learnt to read and write in the Jewish language.”<sup>26</sup>

Therefore, in order to compete with the West and to protect Muslims from their macro-deception, it is necessary to learn the languages and modern sciences of other nations. The educational advancement may help Muslims overtake the West in the struggle of economic development. The intellectual decline of Muslims is the greatest cause of their decline. The journey from their fall to the rise is not possible without gaining modern contemporary knowledge in every sphere of life. Muslim countries should take practical steps for attaining the modern education which can meet the contemporary demand of their economy.

Most of the Muslim countries are getting conditional economic assistance for the growth of their education sector. If foreign audiences and USAID are not against the ideology and interests of Islam, they may be used to improve education. However, it is not allowed if the doctrines and values of Islam are violated.

#### **Unemployment:**

One of the most significant issues of the Muslim countries is unemployment. Although developed countries are also facing this problem. However, these countries have adequate financial resources to provide relief to the unemployed persons through unemployment allowances. On the other hand, unemployment has the worst impact on developing or least-developed countries such as Chad, Pakistan, Mozambique, Turkey, Benin and Guinea-Bissau etc. Unemployment exacerbates poverty and causes social crimes like prostitution, theft, robbery and dishonesty etc. It also increases depression and anxiety among youth which further causes health and psychology issues.

Covid-19 situation has badly affected employment opportunities. In countries with high shares of informal employment, lockdowns fueled joblessness and abrupt loss of income for many of the workers.

The percentage of the unemployment of the Muslim countries has been given in the following table.

**4. Unemployment Rate**  
**Total (% of Total Labor Fore) (Modeled ILO Estimate)**

Country	2018	2019	2020	Country	2018	2019	2020
Azerbaijan	4.9	4.8	6.3	Chad	1.9	1.9	2.3
Bahrain	1.5	1.6	4.1	Gabon	19.8	19.6	20.5
Iraq	12.9	12.8	13.7	Kazakhstan	4.8	4.8	6.0
Jordan	16.3	16.9	18.5	Kyrgyzstan	6.8	6.7	7.9
Kuwait	2.3	2.4	6.8	Tajikistan	6.7	6.7	7.5

<sup>25</sup> Abū Dāwūd, S. ibn al-Ash'ath bin Ishāq, *Al-Sūnan*, 1st ed. (Riyadh: Dār-al-Salām, 1999), Ḥadīth: 1548

<sup>26</sup> Ibid, Ḥadīth:3645.

Economic Issues of Muslim Countries

Lebanon	6.1	6.0	6.6	Turkmenistan	3.8	3.7	4.4
Oman	1.8	1.8	5.0	Uzbekistan	5.7	5.7	6.0
West Bank & Gaza	26.3	25.3	27.4	Comoros	7.8	7.7	8.4
Qatar	0.1	0.1	3.5	Djibouti	11.1	11.0	11.6
Saudi Arabia	6.0	6.1	8.2	Mozambique	3.2	3.2	3.4
Syria	8.2	8.2	9.0	Somalia	12.9	12.8	13.1
Turkey	10.9	13.7	13.9	Uganda	1.8	1.7	2.4
UAE	2.2	2.3	5.0	Benin	2.4	2.3	2.5
Yemen	13.0	12.9	13.4	Burkina Faso	4.7	4.6	5.0
Afghanistan	11.1	11.0	11.7	Gambia	9.0	8.9	9.6
Bangladesh	4.3	4.2	5.3	Guinea	4.2	4.1	4.3
Iran	12.1	11.1	11.0	Guinea-Bissau	2.8	2.8	3.2
Maldives	5.9	5.8	7.2	Cote d'Ivoire	3.2	3.2	3.5
Pakistan	4.1	4.0	4.7	Mali	7.3	7.2	7.5
Brunei	8.7	6.9	8.4	Mauritania	10.2	10.1	10.7
Indonesia	4.4	3.6	4.1	Niger	0.5	0.5	0.7
Malaysia	3.3	3.3	4.5	Nigeria	8.4	8.5	9.0
Algeria	11.9	11.8	12.8	Sierra Leone	4.4	4.4	4.6
Egypt	9.8	9.7	10.4	Togo	3.7	3.6	4.0
Libya	18.5	18.3	19.4	Senegal	6.5	6.5	7.1
Morocco	9.1	9.0	10.2	Guyana	14.0	13.9	15.8
Sudan	16.9	16.8	17.7	Suriname	7.0	6.9	8.7
Tunisia	15.5	15.1	16.7	Albania	12.3	11.5	11.7
Cameroon	7.8	7.7	8.4	-	-	-	

(The World Bank, <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?view=chart>  
accessed 26 December 2021)

The table shows high unemployment rate in West Bank & Gaza, Gabon, Libya, Jordan, Sudan, Tunis, Guyana, Turkey, Iraq and Yemen. In 2020,

unemployment rate was 27.4% in West Bank & Gaza and 20.5% in Gabon. West Bank and Gaza are the parts of Palestine. This territory is victimized by the aggression of Israel. The economic condition of the Muslims of Palestine is worst. The people are depending on aid, since most of the people are facing extreme poverty. Whereas, Gabon sustained a good economic growth and boosted itself to the status of an upper-middle-income country. Though, it is facing unemployment. "Almost 65% of the population is living below the poverty line and earning less than \$1 per day."<sup>27</sup> The World Bank reported about the unemployment in Gabon, "There is the poor match between the training of youth and the demand from the productive sector. Its main causes are the poor quality of the basic education system, the insufficiency of the production of technical and vocational training, the lack of funds for education and efficiency in this sector. In addition, the business environment is not favorable to investment sectors that could generate jobs in the country."<sup>28</sup>

A few Muslim countries which are attaining high GDP growth rate are also facing poverty and high unemployment rate. Djibouti, for instance, suffers from poverty, uneven economic distribution and high unemployment.<sup>29</sup> A few Muslim countries are facing the challenge of unemployment due to the absence of skilled labor force that is the requirement of a dynamic economy. For example, the World Bank Enterprise Survey reported about Mauritania, "Overall, 46.5% of companies in the industrial sector identify a poorly educated workforce as a major constraint."<sup>30</sup> In Mali, the poor qualification of the workforce are aggravated by the discrepancy between the supply of training and the requirements of the labor market.<sup>31</sup> Sierra Leone<sup>32</sup> and Togo<sup>33</sup> are also encountering the same situation.

Labor force of a few Muslim countries depends upon agriculture sector. The revenue from this sector depends upon the natural climate and other land resources. For example "In Guinea-Bissau, the vulnerability of agriculture and fishing to climate change challenges the livelihoods of more than 70% of the population. Irregular rainfall and frequent flooding in coastal and island areas threaten the economy and people, especially the large proportion of poor and vulnerable households whose alternative livelihoods are limited."<sup>34</sup> "In Tajikistan, agriculture is a backbone of the country's economy and

<sup>27</sup> Higher GDP, Higher Unemployment: The Gabon Poverty Rate, Borgen Magazine, 8 October 2017, <https://www.borgenmagazine.com/unemployment-the-gabon-poverty-rate/>, accessed July 20, 2020.

<sup>28</sup> The World Bank, Gabon's Unemployment Conundrum: Why Economic Growth is not Leading to More Jobs, 31 March 2015, <https://www.worldbank.org/en/news/feature/2015/03/31/gabons-unemployment-conundrum-why-economic-growth-is-not-leading-to-more-jobs>, accessed July 22, 2020

<sup>29</sup> African Development Bank Group, Djibouti Economic Outlook, <https://www.afdb.org/en/countries-east-africa-djibouti/djibouti-economic-outlook>, accessed July 22, 2020

<sup>30</sup> Ibid, Mauritania Economic Outlook, <https://www.afdb.org/en/countries/mauritania/mauritania-economic-outlook>, accessed July 22, 2020.

<sup>31</sup> Ibid, Mali Economic Outlook, <https://www.afdb.org/en/countries/west-africa/mali/mali-economic-outlook>, accessed July 22, 2020

<sup>32</sup> Ibid, Sierra Leone, Economic Outlook, <https://www.afdb.org/en/countries-west-africa-sierra-leone/sierra-leone-economic-outlook>, accessed 22 July 2020.

<sup>33</sup> Ibid, Togo Economic Outlook, <https://www.afdb.org/en/countries-west-africa-togo/togo-economic-outlook>, accessed July 22, 2020.

<sup>34</sup> Ibid, Guinea-Bissau Economic Outlook, <https://www.afdb.org/en/countries/west-africa-guinea-bissau/guinea-bissau-economic-outlook>, accessed June 12, 2020.

accounts for 25% of GDP and employs 53 % of the labor force. The government has an objective to develop agro-industrial economy. It is supported through the USAID program.”<sup>35</sup> Pakistan and Bangladesh are also facing the agriculture challenges. In a few Muslim countries, GDP growth rate is also low such as Iraq, Yemen and Somalia. As a result, the unemployment rate is too high. A few countries are encountering the effects of war, for example Afghanistan, Iraq, Palestine, Syria and Yemen.

### **Corruption and Luxurious Lifestyle of Rulers:**

Most of the leaders of the Muslim world live in luxury. The elites of these societies are also prone to arrogance and extravagance. Particularly the people of those Muslim countries that are rich in oil and gas resources. Hazrat Umer (R.A) said: “The people pay the duties of the Imam as long as he pays the duties of Allah Almighty. When Imam begins to indulge in luxury, they also begin to indulge in luxuries.”<sup>36</sup> The Prophet Muhammad (S.A.W) and his caliphs spent a simple life. They preferred the people. Muhammad (S.A.W) always prayed “O Allah, grant the family of Muhammad necessary sustenance.”<sup>37</sup> A Muslim sovereign has no right to indulge in luxury. Holy Prophet (S.A.W) said: “Caliph is a shepherd over the people and will be asked about the responsibility of his subjects.”<sup>38</sup>

Corruption is an important contributing factor to the decline of the economy. Financial resources are the right of the masses, and these should be employed for their benefits. If the country’s economic resources are being wasted in the corruption or lavish lifestyle of the ruling class, then there will be less resources for the country’s development plans. A small amount will be allocated for social-welfare programs. Moreover, investment projects do not reach to completion. Allah Almighty forbids dishonesty, “O believers! Don’t be dishonest in the rights of Allah and Prophet (S.A.W) and don’t be dishonest in your keepsake and you know it.”<sup>39</sup> According to a Hadith-e-Nabvi (S.A.W), “the one who commits corruption in the property of his masses Allah Almighty will ban Heavens on him.”<sup>40</sup> Good management of government resources requires a level of satisfaction and honesty of rulers. So that the financial resources collected from the people can be spent on their welfare. In doing so, individuals can thrive as much as possible.

### **External Debt and Aid:**

External debts is a great liability of a borrowing nation. Mostly, a government depends upon foreign debt to stimulate economic growth and maintain financial liquidity. Least developed Muslim countries use foreign debt to manage domestic financial gaps, invest in poverty reduction programs, and to attain the sustainable growth.

Usually, foreign aid is issued in the form of tied-up loans, since they can be used for predefined purposes that are determined by an agreement between the borrower and the creditor countries. Military aid directly obliges one nation to either purchase arms or to sign defense agreements. For example Israel is the largest beneficiary of USA

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<sup>35</sup> USAID, Tajikistan: Economic Growth and Trade, <https://www.usaid.gov/tajikistan/economic-growth-and-trade>, accessed July 24, 2020.

<sup>36</sup>Ibn Sa’d, M. bin Sa’d, Abū Abdūllāh, *Tabaqāt-al-Kubra*, (Beirut, Lebanon: Dār -Beirūt 1957), Vol. 3, 292.

<sup>37</sup> Muslim, M. ibn al-Hajjāj, *Al-Jāmi‘al-Sahāih*, 2nd ed., (Riyadh: Dār-al-Salām, 2000), Ḥadīth: 2427

<sup>38</sup>Ibid, Ḥadīth:4724

<sup>39</sup> *Al-Qur’ān*, *Al-Anfal*:27

<sup>40</sup> Muslim, *Al-Jāmi‘al-Sahāih*, Ḥadīth:363.

military aid. It has received \$142.3 billion in bilateral assistance and USA missile defense funding also.<sup>41</sup> It is reported, “USA military aid has assisted Israel to build its domestic defense industry. It ranks among the largest arms suppliers in the world.”<sup>42</sup> “On May 20<sup>th</sup>, 2017, the Government of Saudi Arabia signed an agreement with the USA to purchase arms from USA worth about US\$110 billion effective immediately -plus another US\$350 billion over the next 10 years. This agreement is considered significant for the relations of both nations to counterbalance the influence of Iran in the region.”<sup>43</sup>

Luca Venture narrates, “Debt is like any other trap.”<sup>44</sup> Luca Venture analysis of “almost 320% of the global GDP states that the world borrows over three times more than it produces. He adds: Least developed nations take the debt for boosting up their economic productivity. Most economists regard the accumulated debt as a tax on a state's future production. Because investments in infrastructure, education and health etc. are reduced when a huge portion of growing revenue has to pay back to the donors. If a country continually lives beyond its resources, it will ultimately become incapable of fulfilling its fiscal promises, defaulting on its debt. Furthermore, it becomes tough to borrow more debt and come out from crisis.”<sup>45</sup>

“In 2018, the Heavily Indebted Poor Country (HIPC) and related Multilateral Debt Relief Initiative (MDRI) programs\* have relieved 37 participating countries of more than \$100 billion in the debt. The Muslim countries which have been qualified for debt relief are Afghanistan, Benin, Burkina Faso, Cameroon, Chad, Comoros, The Gambia, Guinea, Guinea-Bissau, Guyana, Mali, Mauritania, Mozambique, Niger, Somalia, Senegal, Sierra Leone, Togo and Uganda.”<sup>46</sup> The number of the Muslim countries is 19 out of 57.

Donor agencies and countries have a particular economic agenda. It seems that their main purpose is to make Muslim countries financially weaker through tied-debt and conditional aid. Conditional aid and debt from IMF and World Bank also distort the cultural and social norms of Islamic societies. Like, USA also has a large influence on the Saudi Arabia. It has introduced many social reforms. “On August 1, 2017, the Government of Saudi Arabia announced an extensive tourism project. The aim was to

<sup>41</sup> Congressional Research Service, US Foreign Aid to Israel, August 7, 2019, <https://crsreports.congress.gov/product/pdf/RL/RL33222/35>, accessed July 25, 2020.

<sup>42</sup> Ibid, p.2

<sup>43</sup> Ali Vitali, U.S.-Saudi Arabia Sign More Than \$110B Arms Deal Amid Trump Visit, 20 May 2017, <https://www.nbcnews.com/storyline/trump-s-first-foreign-trip/u-s-saudi-arabia-sign-110b-arms-deal-plus-another-n762546>, accessed July 25, 2020.

<sup>44</sup> Countries with the Most External Debt 2019, 28 October 2019, <https://www.gfmag.com/global-data/economic-data/xtegh9-external-debt-in-countries-around-the-world>, accessed July 25, 2020.

<sup>45</sup> Ibid

\* HIPC program has been initiated by the World Bank, IMF and other multilateral, bilateral and commercial creditors in 1996. It was planned to make sure that the poorest countries are not overwhelmed by or unsustainable debt burdens. It lessens the debt of countries meeting strict criteria. Beyond debt relief, long-term debt sustainability requires struggles by borrowers, lenders, and donors to stimulate prudent borrowing, appropriately concessional finance, sustained economic growth, diversified exports and larger access to markets in developed nations. (<https://www.worldbank.org/en/topic/debt/brief/hipc>)

<sup>46</sup> The World Bank, Relieving the World's Poorest Countries of Unmanageable Debt Burdens, 11 January 2018, <https://www.worldbank.org/en/topic/debt/brief/hipc>, accessed July 28, 2020

transform fifty islands and a series of sites on the Red Sea into luxury complexes.”<sup>47</sup> “Saudi Crown Prince Mohamed Bin Salman has initiated cultural openness project. The legendary Egyptian singer Tamer Hosny performed for the first time in a concert in Jeddah, on March 30, 2018. Of the Saudi population, nearly ninety per cent of women attended this music concert.”<sup>48</sup>

Allah Almighty plainly states that Jews and Christians are not friends of Muslims. “O you who believe! Take not the Jews and the Christians as friends they are but friend of each other. And if any amongst you takes them as friend, then surely he is one of them. Verily, Allah guides not those people who are *Zālimūn* (wrong-doers).”<sup>49</sup> In light of this verse, Muslims present a clear injustice in turning Jews and Christians into close companions. Unity among the Muslim countries is the need of the time. For example, after 9/11, Pakistan supported USA war against terrorism, it was a clear violation of the command of Allah Almighty. Presently, its long-term and harmful effects have been exposed. Pakistan itself fell prey to terrorism and paid a heavy price for it.

Many Muslim countries rely on interest-based foreign economic assistance. Islam evidently prohibits it. Allah Almighty says: “O you who believe! Be afraid of Allah and give up what remains (due to you) from *Ribā* (usury) (from now onwards), if you are (really) believers. And if you do not do then make a notice of war from Allah and His Messenger.”<sup>50</sup>

Holy Prophet (SAW) detests plead for the debt.<sup>51</sup> At another place Prophet Muhammad (S.A.W) said: “The one who disgraced himself for begging, his wealth will not be blessed and his condition becomes so miserable that he eats but is not satiated, and the upper hand is better than the lower.”<sup>52</sup> The practical application of above mentioned Hadith -e -*Nabvī* (S.A.W) can be seen in current economic state of Muslim countries. Governments are continuously incurring foreign debt and aid. Be that as it may, the economic situation in most countries is not improving. Furthermore, the natural disasters are adding to their misery, but they are not looking at their ways critically.

Holy Prophet (S.A.W) made financial dealings with non-Muslims. “Hazrat ‘Āishah (R.A) also reported that Holy Prophet (S.A.W) died while his (iron) armor was mortgaged to a Jew for thirty Sas of barley.”<sup>53</sup> “The Messenger of Allah (S.A.W) took the debt of a Jew. He wanted to confirm the qualities of the prophet hood in Holy Prophet (S.A.W). Thus he demanded the repayment of his debt in a strict manner, while Holy Prophet (S.A.W) behaved politely. He thus acknowledged the qualities of Holy Prophet (S.A.W) that are mentioned in the Torah. He embraced Islam and presented his half wealth to Holy Prophet (S.A.W).”<sup>54</sup> Though, the Holy Prophet (S.A.W) accepted the

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<sup>47</sup> Saudi Takes First Steps to More Liberal Society, *The News*, 11 December 2017

<sup>48</sup> Angy Essam, First time pop concert stages amid culture liberty in Saudi Arabia, 2 April 2018, <https://www.egypttoday.com/Article/4/46778/First-time-pop-concert-stages-amid-culture-liberty-in-Saudi>, accessed July 28, 2020

<sup>49</sup> *Al-Qur’ān, Al-Maidah*:51

<sup>50</sup> *Al-Qur’ān, Al-Baqarah*:278-279

<sup>51</sup> Muslim, *Al-Jāmi’ al-Saḥāih*, Ḥadīth No 2396

<sup>52</sup> Ibid, Ḥadīth:2387

<sup>53</sup> Al-Bukhārī, M. ibn Ismā’īl, Abū ‘Abdūllāh, *Al-Jāmi’ al-Saḥāih*, 2nd ed., (Riyadh: Dār-al-Salām, 1999), Ḥadīth:2916

<sup>54</sup> Al-Bayhaqī, A. Ibn-Abdūllāh Abū-Nu’aim al-Iṣfahānī, *Dalā’il- al-Nubūwwah*, (Beirut: Dar al-kutub al-ilmiyah), 1988, Vol. 6, 280.

gifts of non-Muslims. Yet, he (S.A.W) always preferred defense of the Islamic state and did not accept any conditional debt and aid, which could affect Islamic norms.

Presently, Turkey has become one of the Muslim countries of the world that have freed themselves from the debts of IMF. In view of Turkey's current economic situation, IMF is prepared to lend to Turkey on soft conditions. Nevertheless, the Turkish Government is not in favor of such a debt for dependence on the conditions of IMF will always remain intact. Despite the international pressure and criticism, the decision to transform the Hagia Sophia Museum into a mosque reflects the independent decisions of Turkish government. The situation in Pakistan is quite contrary. For example, the Government of Premier Imran Khan decided to build a temple in Islamabad, which was suspended due to strong opposition from the majority of the population.

**Conclusion:**

Muslim countries are facing several economic issues. The majority of Muslim countries are either developing or are less developed countries. They borrow to manage their fiscal gap, increase investment, reduce poverty, increase work opportunities and stimulate economic growth. Right-wing people, a few leaders and scholars in Muslim countries seem to be keenly aware of the economic enslavement of Muslims in Western hands. They want freedom to manage their resources and to develop their economy as per Islamic rules and regulations. This idea of independence will merely remain a wishful dream until some concrete steps are taken to achieve that target. The harmony and integration of Muslim countries on the pattern of EU would open up new and dynamic ways for the peace, progress and prosperity of Muslim *Ummah*. Economic union of Islamic countries, on the pattern of European Union, may gradually be established. Nonetheless, a strong political will is prerequisite to construe the formal measures into definite implementation. Otherwise, all these determinations and efforts for an Islamic Union would prove futile.