AN ECONOMIC PERSPECTIVE OF THE SOURCES, CAUSES AND EFFECTS OF POVERTY IN TODAY’S MUSLIM COUNTRIES

Kweyu Suleiman

Department of Economics, Brandenburg University of Applied Sciences, Germany

ABSTRACT

Poverty means scarcity or insufficiency basic necessities for survival. Fighting poverty is a social responsibility for all Muslims. But, majority of Muslim countries, many people continue to live under abject poverty finding it hard to access proper housing, food and clothes.

Muslim countries despite being endowed with natural resources including oil, most of them are facing poverty challenges and high disparities in income distributions. The Organization of Islamic Cooperation member states despite possessing 70 per cent of the world energy resources and 40 per cent of natural resources, the GDP of all member states is less than that of Japan. These countries therefore contribute only eight percent to world GDP while 40 per cent of the population continues to live below poverty level.

The objective of the study was to examine the nature and causes of poverty in selected Muslim countries. The study analyzed the effects of poverty on the society and the general economic growth. Specific focus was given to the role of Muslim women towards poverty reduction. The methodology involved analysis of secondary data to analyze poverty trends. Study recommended inclusion of women in financial, agricultural and decision making positions to tap their potential in fighting poverty.

Keywords: Economy, Low income, Poverty, Muslim women

INTRODUCTION

A. Islamic understanding of poverty

Is Islamic culture the cause of poverty in Islamic countries? What’s the Muslims’ understanding of poverty? Poverty meaning fakir has been mentioned in the Holy Quran
about 12 times. Two verses speak about “spiritual poverty” and ten speak about material poverty. Islam does not discourage in any way acquisition of property, as long as it has been acquired in the right way. Islam encourages Muslims to pray to Allah to protect them from effects of poverty. Poverty is conspicuously spoken in the hadiths. The prophet clearly stated that poverty is a danger that every Muslim should protect himself/herself against. He even advised his friends to seek refuge to Allah to seek out protection from the evils of poverty and famine. During the Prophet’s lifetime, precautions were made to protect people from being poor. They included voluntary sharing of food, making brothers and sisters friends to the rich and freeing the slaves. It’s therefore apparent that Islam encourages all Muslims to work and free themselves from shackles of poverty. However, Islam directs all Muslims to earn their wealth in the most legal way and also spent it lawfully for the common welfare of all Muslims.

B. Sources of poverty in Muslim countries

Not all Muslim countries are poor. The poverty trends vary across the countries and the regions. According to IMF, Qatar was the richest Muslim country in 2012 while Niger was named the poorest Muslim country in the same period among the 49 rated countries. In 2005 the annual GDP of 57 Muslim countries combined together was under $2 trillion. Muslims are 22 percent of the world population and produce less than five percent of global GDP (Crane, 2005). Poverty in many Muslim countries is attributable to a number of factors. Slow economic growth as a result of 1997 Asian crisis and the emergence of Arab spring in MENA region are just but some of the root causes of poverty in some Muslim nations.

According to the United Nations Arab Development Report, half of Arab women are illiterate; One in five Arabs live on less than $2 per day; Only 1 percent of the Arab population can access a personal computer, only half of 1 percent use the internet and 15 percent of the Arab workforce is unemployed(Strategy Page, 2005).

Despite being in possession of natural resources like petrol, majority of Muslims in those countries continue to live under abject poverty. Unequal access to education and other productive resources like land etc by women fuel poverty incidences especially in sub urban and rural households.
Table 1. Population of Muslims living under poverty line in selected Muslim countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>Population below Poverty Line % of Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Azerbaijan</td>
<td>49.6</td>
</tr>
<tr>
<td>Albania</td>
<td>22.6</td>
</tr>
<tr>
<td>Algeria</td>
<td>25.4</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>43.2</td>
</tr>
<tr>
<td>Chad</td>
<td>63.0</td>
</tr>
<tr>
<td>Egypt</td>
<td>16.7</td>
</tr>
<tr>
<td>Indonesia</td>
<td>16.7</td>
</tr>
<tr>
<td>Mauritania</td>
<td>46.3</td>
</tr>
<tr>
<td>Pakistan</td>
<td>32.6</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>70.2</td>
</tr>
<tr>
<td>Turkey</td>
<td>27.0</td>
</tr>
</tbody>
</table>

The figure alongside shows selected Muslim countries and the proportion of people living under poverty line as at 2011.

Source: The PEW Centre’s Forum on Religion and Public Life, 2011

The sources of poverty in majority of Muslim countries originate from institutional inefficiencies and poor infrastructure development. The adult literacy level between 1999 and 2008 in OIC countries was 70.2 per cent which is 10 points lower than the world average which stands at 79.6 percent. For sub-Saharan Africa and South Asian countries the rates were even much lower at 56.6 per cent and 54.4 per cent respectively (SESRIC, 2009). Expenditure on public education in OIC countries during this period was very low at 2.7 per cent of the total GDP as compared to world average of 4 per cent. The health expenditure was also exceptionally low as compared to world average.

The economies of majority of Muslim countries depend on agriculture as a source of primary income for rural households. However, the farmers majority of whom are women, lack proper access and control over productive resources like land, financial credits and
farm inputs. This deters them from producing enough food for household consumption. Social-cultural and legal factors in these countries equally affect how resources are distributed. In some cases men have enjoyed easy access to resources than women who could otherwise be as productive as men.

C. Causes of poverty in Muslim world

In many Islamic countries, quite a good number of people still cannot meet their basic needs. Muslim countries in Sub Saharan Africa include Uganda, Mali, Nigeria, Niger, Burkina Faso, The Gambia and Sierra Leone. (World Bank 2003). Poverty incidences are believed to be more prevalent in these countries than in the MENA region. Poverty trends over the past decade have reduced relatively in a number of these countries due to improved technology and globalization, though a significant proportion of people still cannot meet their basic needs. The following are some of the highlighted key causes of poverty in some Muslim countries.

i. Financial exclusion

Many Muslims by either religious or personal reasons exclude themselves from financial services provided by banks and other microfinance institutions. Quite a good number of Muslim-headed households voluntarily opt out of formal financial markets because of religious rules. The believers are guided by Islamic legal system which defines the nature of financial transactions every Muslim should abide by or shun away from. Inadequate access to financial services and instruments that are compliant with Shari’ah, or Islamic law explains why there is low number of bank accounts in the MENA region (World Bank, 2013). The figure below compares the banks accounts penetration rates in Middle East, Sub Saharan Africa, North Africa and the rest of the world.
MENA region has the lowest percentage of adult population with bank accounts in the formal financial institutions. According to the 2011 Global Findex, more than 19 million adults in MENA avoided interactions with formal financial institutions for religious reasons. This excludes them from benefiting from financial products offered by these banks which could have otherwise lifted them from poverty traps. In Sub Saharan Africa, where there exist a number of Muslim majority countries, the percentage of adult population with a bank account is 24 per cent way below the global average of 50 per cent. This also limits the capital formation capabilities of these Muslims as compared to those Muslims in the high income countries. With limited access to financial services, many of the poor Muslims in Middle East and North Africa continue to be trapped in poverty cycles.

In one study, it was revealed that that increasing access to financial services can go a long way in reducing poverty (Beck, 2007). To close the financial exclusion gap, Islamic microfinance institutions should be reinforced to offer services to those excluded Muslims who find it hard to secure financial services from the conventional institutions either due to religious or personal reasons.

Islamic microfinance instruments such as Qard-Hassan and Murabaha could also be used to
reach out to more poor Muslims especially in the MENA and the Sub Saharan Africa region.

ii. Illiteracy and Girl child Education

Education is a human right and a powerful tool for eradicating poverty. Islam indeed advocates for equal education for all and its first divine message was “Read”1. OIC represents one fifth of the world's population but in some countries in the region, more than half of the adult population and 70 per cent of women were illiterate (UNICEF, 2005).

Gender disparity in school enrolment still exists in some of the Muslim countries, as the girl child is denied equal opportunity to access education. Turkey and Bangladesh for example, were able to equalize disparities in boy-girl primary school enrolment by 2005. Yet a huge ratio gap of enrolment still remains in some of the OIC countries. For example in Yemen 60 girls per 100 boys are enrolled in primary school. Others include Chad 0.67, Niger 0.68, Burkina Faso and Guinea-Bissau 0.71, Mali 0.72, Côte d’Ivoire 0.73, Benin 0.77 and Guinea 0.78 (UNICEF, 2005).

In Afghanistan the situation is not any different. In 2002, after the war and violence had subsided, many children managed to go back to school. However one third of these children were girls. Nearly in all the 34 provinces, about 80 per cent of the girls were not enrolled in schools during the same period (UNICEF, 2005). Agriculture forms the backbone of Afghanistan’s economy. Most of the agricultural work in Afghanistan is done by rural women farmers who provide nearly 80 per cent of agricultural labour, yet despite their immense role in agricultural production process, their access to education opportunities and other financial services remains poor (USAID, 2015). Well educated farmers are highly efficient, productive and can greatly improve the food security challenges experienced in Muslim states.

According to 1998 census, the literacy rate in Afghanistan was 42.7 per cent. 55.3 percent for men and 29 percent for women. More than 41 million adult people were illiterate. More than 50 per cent of girls aged 10-14 years in rural areas were not in school (ADB, 2002).

Not only were parents reluctant to take their girl children to schools but also there existed insufficient facilities to cater for girl child needs at school

Despite education being a major driver for economic development, some Muslim countries do not prioritize education in their national budgets. Tunisia for example allocated $ 5.9 billion for education sector as compared to France which had $121.4 billion. This is more
than 22 times Tunisia’s budget in the same period. Iran on the other hand allocated $45 billion while Israel spends $12.6 billion on education. This figure is relatively smaller given that Iran had 10 times the population as that of Israel (Amjad, 2002). These small budget allocations for education sector by some muslim countries shows their less commitment towards fighting poverty through education.

iii. Political instability and terror attacks

While a good number of Muslim countries enjoy peace and stability within their boundaries, others are not. Some are entangled between unstable governments fuelled by terrorist militia groups operating in their midst.

A couple of Muslim states across the globe have been experiencing political instabilities and terror attacks from insurgent groups slowing down their progress out of poverty. Kosovo for example, has 90 per cent Muslim population. 29.7 per cent of the 1.8 million people are poor (World Bank, 2015). The conflicts in Kosovo between Serbians and Albanians in 1998-99, and later in 2004 where more than 4,000 Serbians and other minorities were displaced, disrupted economic activities in Kosovo making her lag behind other European countries. These conflicts had serious implications of the economic orientations of Kosovo (Encyclopaedia Britannica, 2014). These instabilities experienced elucidate the current poverty trends in Kosovo.

According Human Development Index 2012, Somali was among the 5 least developed countries out of the 170 listed countries. Over 40 per cent of the population lived in extreme poverty. The situation was even worse in rural areas (IFAD, 2014).

The endless civil war exacerbated by the Al-Shabab militia group has caused disarray in the present transitional government in Somalia. This current state of affairs has accelerated poverty incidences in Somalia, especially in the areas where the militia group controls major resources and trade routes.

Similarily, the northern part of Nigeria where majority are Muslims also faces terror attacks from Boko Haram insurgents. The group causes havoc and complete disintegration of communities making them susceptible to poverty and suffering. According to UN reports more than 1.4 million children have fled Boko Haram extremist denying them access to education and other basic services (The Guardian, 2015).

The activities of Al Qaeda and Taliban in Afghanistan and Pakistan respectively have also contributed to harsh life conditions in Kandahar and Jalalabad regions predisposing the
people in these regions to poverty. The activities of these groups partially explain why poverty is so persistent in the regions where the two insurgent groups operate.

The current instabilities in Yemen, Iraq and Syria are both causes and consequences of extreme poverty and inequality in resource distribution. Many Syrians continue to live under insecure and poor conditions forcing most of them to seek refuge in Jordan, Lebanon, Turkey and other neighbouring countries including Europe. Endless politically instigated conflicts have paralysed the economic activities of the people subjecting them to poverty.

iv. Corruption

Corruption is another monster eating up most Muslim countries, pushing majority of people into poverty traps. Empirical studies show that there exists a relationship between higher perceived level of corruption and low level of investments (World Bank, 1997). High corruption rates scares away foreign investors to invest in capital handicapped countries. Low investment levels make access to basic services and facilities like education, health care, clean water and job opportunities much harder for the poor.

Transparency International corruption perception index ranks a number of Muslim countries among the worst corrupt countries. In 2013, 8 Arabic countries were among the 10 worst corrupt countries. These countries included Afghanistan, Syria, Iraq, Libya, Somalia, Sudan, Uzbekistan and Turkmenistan. Somalia was ranked the worst corrupt nation (News, 2013). Corruption makes people lose confidence in their government resulting to poor public service.

D. Effects of poverty

i. On terrorism

Poverty in itself is not a direct cause of terrorism although it can fuel terrorism. Poverty causes misery, frustration and marginalization that may compel a section of people to join terror groups. In areas where there are high youth unemployment rates, some terror groups provide better incentives that may attract youth to join such organisations. Although no single study has provided evidence implicating a direct relationship between poverty and terrorism, studies by Becker 1998 and Berman 2003 show that, people with higher education and income may find it less attractive to allocate more time to engage in terrorism activities.

Furthermore the increased knowledge provides better reasoning skills that may deter a person from joining a terror group (Berman, 2000). Although the vice versa can also be true.

www.ijsser.org
According to a report published by homeland security institute in 2006, recruitment and radicalization of school aged youth into international terror groups like Hamas and Hezbollah, Jemaah Islamiyah (JI), Al-Qaeda and Affiliated groups, in most cases was motivated by financial gains promised by these groups (Homeland Security Institute, 2009).

ii. Child labour

Existence of child labour in many Muslim countries is a manifestation of deep rooted poverty prevalence. The table below shows the number of child labour cases in Bangladesh in 2010.

<table>
<thead>
<tr>
<th>Table 2. Child labour in Bangladesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working children, aged 5-17</td>
</tr>
<tr>
<td>Working children, aged 5-14</td>
</tr>
<tr>
<td>Child labourers (according to definition, below), aged 5-17</td>
</tr>
<tr>
<td>Children engaged in hazardous labour, aged 5-17</td>
</tr>
<tr>
<td>Child domestic workers</td>
</tr>
<tr>
<td>Percentage of children (aged 5-14) engaged in child labour (2006)</td>
</tr>
<tr>
<td>12.8</td>
</tr>
</tbody>
</table>

Source: UNICEF Bangladesh, 2010

In 2010 about 421,000 Bangladesh children workers were domestic workers and the majority were girls. These children worked under extremely harsh conditions with no proper protection given to them by their bosses. According to ILO, about 3,400 children work in brick/stone breaking for the construction industry (ILO, 2005). Another survey by ILO indicated that a good number of children had respiratory problems and were not given appropriate safety gear to protect them from inhaling dust and other dangerous gases at the work place (ILO, 2005).

Similarly, children accounts for 77.7 per cent of agricultural labour in Egypt. Children in cotton fields earn an average of 6 pounds per day and they don’t enjoy any form of legal protection or insurance cover. Poverty and lack of education is cited as one of the major factors contributing to high rates of child labour in Egypt (Itani, 2009).

A similar case was observed in Pakistan. A survey conducted in 1996, showed that Pakistan had 3.3 million child labourers. According to the independent news agency Reuters, millions of Pakistan children are driven into child labour due to poverty reasons. According to the site, many families were sending their children to work to raise money for buying basic necessities like food and pay fee for their siblings (Reuters, 2012).
According to Human Right Watch, at least 20,000 children worked in gold mines in Mali. These children worked under extremely dangerous conditions. Many children suffered from coughing and respiratory diseases as girls were sexually molested (Human Rights Watch, 2011). In all these cases poverty was the common reason for child labour.

### iii. Education

Poverty has got a multiplier effect on education in many poor Muslim countries and in the world in general. Poor households find it hard to access quality education and this further makes them much poorer in the long run. For example in Niger, the illiteracy level in 2000 stood at 84.1 per cent as many households could not afford schooling costs (Sameti, 2000). More girls than boys in such households bear the brunt of poverty.

In Afghanistan for example, 85 per cent of women have no formal education and the girls are at times married off at a tender age. About 40 per cent of Afghani girls attend elementary school. The rest due to inadequate finances to meet education related costs, are locked out of school (Trust in Education, 2015).

In Mali 63.8 per cent of people live under poverty line with 21 per cent living under extreme poverty conditions. In 2003, Mali had the world’s largest illiteracy rates at 80 per cent. In addition to having fewer education facilities, many households lacked inadequate finances send their children to school.

### iv. Refugee crisis

The refugee crisis experienced today in Syria, Iraq and in the Northern African countries is as a result of multiple factors including war, poor governance and poverty. This has made the affected people mostly women, children and the marginalised communities to seek refuge in other countries. These extreme poor conditions coupled by insecurity, drive people out of their homes to try and secure better living conditions elsewhere. 2015 experienced one of the largest migratory movements after those experienced in World War II. Many Syrian refugees have fled to Europe, Lebanon and Jordan to seek safer and better opportunities for their families.

In addition, many youths from Senegal, Mali, Gambia, Libya and Niger continues to flee these countries in pursuit of greener pastures in Europe (Time, 2015).

According to Conservative review website, approximately 1.6 million immigrants have been admitted to the US from Muslim countries between the years 2001 and 2013.
Saudi Arabia’s immigrant admission in the US increased up to 93 per cent; Bangladesh up 37 per cent; Iraq up by 36 per cent; Egypt by 25 per cent; Pakistan, India, and Ethiopia all up by 24 per cent; Nigeria and Ghana both up 21 percent (Horowitz, 2015).

CONCLUSION

Fighting poverty has been a major concern for many Muslim countries. Some countries have managed to cut down poverty rates drastically while others are still struggling. Islam encourages people to work and accumulate wealth. However, the wealth must be earned and spent in the most lawfully way as described in the holy Quran. The most causes of poverty in majority Muslim countries include financial exclusion, illiteracy and political instabilities due to poor governance.

Poverty trends in these countries have limited the access to basic services like health care and education making majority of people to be trapped much more in poverty. These poverty trends justify the high child labour incidences in Bangladesh, Pakistan and Mali. Recruitment into violent extremist groups in Afghanistan, Somalia and Kenya can be traced along poverty reasons due to the financial perks promised to the recruits.

There exist several ways in which poverty can be reduced to guarantee Muslim households better quality life. Strengthening microfinance institutions and improving access to finances for both agricultural and business activities to women and other marginalized communities, can break the poverty traps for many poor households. Proper financial development can boost the income for poor households and reduce the fraction of people living below the poverty line (Beck, 2007).

In addition to development of microfinance, agricultural sector provides pro-poor growth opportunities for many Muslim countries. Empowering women farmers who are the majority agricultural labour suppliers with necessary agricultural resources can provide sustainable solutions to the persistent poverty trends.

Women farmers in many Muslim countries continue to face challenges in accessing agricultural extension services, financial credits, farming inputs and the right agricultural technology which hamper improved agricultural production. Adequate access to these productive agricultural resources will unlock in the potential that lies with women, and which has been ignored for a very long time. These women farmers, if given full access to information and resources, they have the capability to contribute to economic development and the upward social mobility.
Increasing access to education opportunities for the girl child is also another crucial step in fighting poverty in Muslim countries. Educating more girls and women will have a multiplier effect in fighting poverty. More educated women tend to provide better health care and education to their children, have fewer children and actively participate in community development projects. These are fundamental steps which can lift households out of poverty. Higher education levels would lead to women securing jobs in both public and private sectors leading to higher economic and social development at both household and national level. Working women are likely to improve their households’ incomes by more than 25 per cent (Leibold, 2015).

The GDP of every Arabic state would significantly increase if the number of working women would be the same as that of men (IMF, 2013). Egypt and United Arab Emirates would experience increased GDPs by 34 per cent and 12 per cent respectively if the number of women workforce was to equal that of men. Several social, cultural and legal sets of barriers exist in some of the Muslim countries lowering the women’s economic performance than what it could actually have been. Bold steps have to be taken to eliminate discriminatory tendencies exhibited in some Muslim countries to grant women the freedom to participate in the nation building process which is the key to poverty eradication.

Lastly, governments in Muslim countries should commit and work towards reducing the prevalent corruption cases in both public and private institutions. Streamlining policies that will ensure equity in income distribution and bringing more women on board to take part in decision making processes can be a vital tool for fighting poverty. The historic elections in Saudi Arabia which has seen 17 women councillors take up decision making positions in government is yet another green light for women to participate in designing policies that will ultimately support and empower more women and youth in addressing poverty challenges.

REFERENCES


Amjad, A. (2002). Are the Muslim countries doing enough to preperae the new generation for tomorrow? Savap, 42.


953.


IMF. (2013). Women, Work and the Economy: Macroeconomic gains from Gender Equity. IMF.


