

CAN THE MUSLIM WORLD EMERGE AS AN ECONOMIC BLOCK?

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PROF. KHURSHID AHMAD



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Prof. khurshid Ahmad

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The question before us is: Can the Muslim World emerge as an Economic Block? My very emphatic answer is yes, and that it must.

Muslim countries today constitute about one third of the total membership of the United Nation. There are around 50 independent Muslim states having a population of around 700 million covering about 20% of the land area of the world and stretching between Atlantic and the Pacific. The Muslim World straddles from North Africa to Indonesia, in two major blocks, the bulk being concentrated in the heart of Africa and Asia and a smaller group in South and South-East Asia. Despite differences in language, racial stock and level of economic development the Muslim World constitutes a homogeneous unit characterized by common faith and cultural and behavioral characteristics emanating from Islamic traditions. A recent report by Rodney Wilson published as the Economists Intelligence Unit Special Report on "Islamic Business: Theory and Practices" affirms "indeed many Western companies engaged in business worldwide would find it better sense to see the Islamic world as a unit rather than to deal with separate regional divisions covering the Middle East, North Africa, South, South-East Asia".

The Muslim World is also important because it occupies "a strategic position between the two world powers blocks of NATO and the European Community on the one hand and WARSAW Pact and COMECOM on the other. The northern gate-way of the Mediterranean is guarded by Turkey, the master of the Bosphorus and Dardanelles and the Eastern Gate-way is controlled by Egypt through Swez and Port Saeed. The Mediterranean is almost 60 percent a Muslim lake while the Gulf is almost 100% under the Muslim control. So is the case with the Red Sea. There are important Muslim outposts in Atlantic and the Pacific.

The Muslim World is rich in natural resources and manpower. Around 60 percent of the world petroleum reserves are in the Muslim World while it has huge reserves of Iron, Phosphates, Copper, Manganese, Tin, and Rubber along with rich resources in the fields of agriculture and livestock.

The Muslim countries can be grouped into three major categories - One, of oil producing, rich countries. The other densely populated countries with reasonably high degree of industrialization and the rest which are less densely populated countries at different levels of industrialization. Over half a dozen Muslim countries have achieved reasonably high level of industrialization and command over technology, which can make immense contribution towards the transfer of

technology and industrialization of the rest of the Muslim World. Amongst this group Turkey, Pakistan, Iran, Egypt, Algeria, Indonesia and Bangladesh can play an outstanding role.

While trade between the Muslim countries is not very significant there has been an increasing degree of transfer of ' capital and manpower within the Muslim countries during the last two decades. This movement of capital and manpower has opened up new avenues of economic cooperation and integration.

A number of institutional developments have also taken place which constitutes important stepping-stones towards greater cooperation amongst the Muslim countries. Amongst these the establishment of Arab Common Market between Egypt, Syria, Jordan and Iraq; the Gulf Cooperation Council between Saudi Arabia, Kuwait, Qatar, Bahrain, the UAE and Oman; the establishment of the International Islamic Chambers of Commerce; the Islamic Development Bank, Jeddah; the Union of Arab Chambers of Commerce; the Organization of the Islamic Conference, the O.I.C.. Institute of Statistical Economic and Social Research and Training, Ankara, and a number of joint ventures between different Islamic countries represent major land-marks towards the emergence of an economic block of the Muslim World.

A number of Muslim countries have emerged as financial giants after the oil-price revolution of the 1970's, with the result that the economic balance of power of the world has changed in favour of the Muslim countries. Huge reserves have been built by a number of Muslim countries and vast capital resources are available. In this background we should examine two fundamental questions:

- 1) Should the Muslim countries seek greater economic integration and become one block; and
- 2) In view of the objective economic and political conditions is it possible for them to emerge as an economic block?

As to desirability at least for three reasons they must strive to become an economic block:

- 1) On religious, moral and ideological grounds the Muslims constitute one Ummah and it is an imperative of their faith and history that the Muslim countries which enjoy political sovereignty must join hands to emerge also as an economic block.
- 2) For strategic reasons it is important that the Muslim World must reduce its dependence upon the Western and ^ Communist countries who have been responsible for the under-development of the Muslim World and the Third World and who control the present day world economic order in a manner detrimental to the best interests of the Muslim World and the rest of the developing countries.

This hegemony can be broken only if an alternative block comes into existence. The Third World is not in a position to do so because of a number of economic, geographic and political reasons. Muslim World, on the other hand, has greater cultural homogeneity, geographic contiguity and economic complementarities. As such, this is the only way to attain economic independence from the world system and to make conditions congenial, for the fullest development i of the Muslim World. This objective cannot be achieved by individual Muslim countries, despite whatever leverage some of them might develop. The way the power of OPEC has been adversely affected bears witness to it. The only way to seek economic decolonization is through economic integration of the Muslim World.

- 3)** The future of the Third World depends, very much upon the future of the Muslim World. The agony of the Third World cannot be brought to an end unless some of the Third World countries for whom it is possible to emerge as an economic block, like the Muslim : World, really achieve this objective and not only set an example for the other countries but also bring into existence the forces of counter-veiling power into operation. This is possible only if the Muslim World emerges as an economic block.

These three basic reasons are sufficient to vindicate the desirability of an Islamic economic union. Is it possible to achieve what is desirable? We would submit that the above objective is also possible in view of the following reasons:

- a)** Compactness of the Muslim World into two major geographic regional blocks which are also culturally homogenous;
- b)** Developed lines of communication and transport. Air, sea, road and even rail links are available which provide effective communication infrastructure for the integration of the Muslim World.
- c)** Diversity of resources available in different Muslim countries ensures economic complementarity along with a degree of economic competitiveness.
- d)** Availability of capital resources and a number of financial institutions both on Islamic and secular lines can provide the financial mechanism through which this development can take place.
- e)** Availability of highly trained professional and skilled manpower in different parts of the Muslim World as well as presence of a huge reservoir of Muslim expertise working in the West.

- f)** Different levels of industrialization in different Muslim countries with the result that exchange of technology and an experience is possible within the Muslim World.
- g)** Finally, development of a number of institutions - financial, economic and political, during the last three decades has paved the way for the emergence of an economic block of the Muslim World.

What are the major hindrances? Some of them are as follows:

- i.** Effective political will;
- ii.** Efforts of the Western countries to .keep the Muslim World dis-united;
- iii.** Dependence of the Muslim World on the industrialized countries of the world in respect of certain strategic supplies and inputs for industrial development;
- iv.** Absence of institutions for strategic/planning and effective machinery for the implementation of common economic programmes for the Muslim World.

Suggestions

- 1.** There should be a think-tank of the Muslims which under the auspices of the O.I.C. should systematically work for developing the idea of Muslim Economic Union and see how the obstacles in its way could be removed. The political climate should also be made congenial for this.
- 2.** Establishment of some new institutions to move in that direction. Some of them could be:
 - a)** One or more multi-national Muslim Corporations/ Authorities for the development of agriculture and livestock industries in the Muslim World.
 - b)** Establishment of one or more International Islamic companies with the primary objective of developing economic resources within the Muslim World, particularly in the areas of Food, Livestock, Fishing, Natural Resources, Consumers Industries, Heavy Industries and Defence Industry. In fact a number of corporations can be established to take care of these different areas.
 - c)** Development of an effective capital market within .the Muslim World.

- d) Delinking of the Muslim currencies from dollar, pound and SDR and development of a common Islamic Dinar. Also development of other measures to minimize the ill-effects of the vagaries of the changing exchange rates and other international monetary disequilibrium.
- e) Development of joint Shipping, Air, Cargo and Tanker Companies and other transport industries and agencies.
- f) Development of common service industries in the fields of banking, insurance and re-insurance.
- g) There is also a need for the development of a Technology Bank for the Muslim World and the establishment of a number of institutes or technical universities, to ensure continuous supply of skilled and technical manpower in the future.
- h) Promotion of bilateral and multi-lateral trade and development of one or more Customs Unions within the Muslim World based on the principle of preferential tariff.
- i) Legal and commercial agreements between the Muslim countries avoiding double taxation and other impediments to economic cooperation.
- j) Finally, joint ventures at the level of private enterprises as well as amongst the Muslim States.

PROF. KHURSHID AHMAD

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