

Islam, the West and 9/11 – Challenges to the Values and Institutions of a Free Society

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Paper prepared for the Conference on „Challenges to the Values and Institutions of a Free Society“ organized by the Ratio-Institute, Stockholm, August 2003

Abstract:

The rule of law, constitutional democracy and market economy are taken as the core institutions of free societies. After arguing that shared values heavily influence institutions, it is asked whether Islamic values are conducive to those institutions. The values are ascertained via the economic ethics (Weber) of Islam, the attitudes of some Muslim populations via the analysis of a recent opinion poll. Neither the values nor the attitudes seem particularly supportive of the institutions of a free society. Possible policy implications with regard to immigration as well as international organizations are shortly dealt with in concluding.

JEL classification: H11, K10, N45, P51, Z13.

Key Words: Islam, Values, Culture, New Institutional Economics, Rule of Law, Constitutional Democracy, Market Economy.

¹ The author would like to thank the participants of the Ratio Institute Conference on „Challenges to the Values and Institutions of a Free Society“ and especially Niclas Berggren and Dan Klein. The choice of the topic was heavily influenced by a stimulating conference of the Progress-Foundation held in July 2003 in Schwarzenberg/Austria. I would like to thank organizers and participants as well as Anne van Aaken and Volker Nienhaus who also helped with their critique. I am sure that they still disagree with many parts of the paper.

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1 Introduction

The brutal destruction of the World Trade Center and part of the Pentagon - two foremost symbols of the West - on September 11, 2001 seemed to prove Huntington (1997) right who had predicted a “clash of civilizations”: terrorists who claim to act in the name of Allah fight a war against the West. It has often been claimed that Islam threatens the values and institutions of free societies. If that was indeed their goal, Islamist activists can already pretend to have been successful in an awkward way: following the events of 9/11, civil rights have been constrained in many countries, including the U.S. An opinion poll carried out in May 2003 by the Pew Research Center for The People & The Press (2003) seems to be further evidence in favor of Huntington: Asked whether they have “a lot” or “some” confidence in the ability of a number of leaders to do the right thing regarding world affairs, 71% of those Muslims asked in the Palestinian Authority declared their confidence in bin Laden. Indonesians put bin Laden only in third rank (58%), the two first ranked being Arafat (68%) and Abdallah (66%). Bin Laden gets very high confidence rates also in Jordan (55%), Morocco (49%), and Pakistan (45%).

If 9/11 proved Huntington right, it also proved Fukuyama (1989) wrong: he had predicted that the end of the Cold War would be tantamount to “the end of history” in the sense that the competition between communism on the one hand and constitutional democracy on the other had, once and for all, been decided in favor of the latter. Huntington (1997, 66) ironically calls this the “single alternative fallacy”, the belief that there were indeed no other options available. Many economists might have had gut feelings (or good reasons) that Fukuyama got it all wrong from the outset, yet many economists were also very eager in calculating “peace dividends” that would accrue as a consequence of the demise of the Communist Bloc.

But 9/11 might also have proved Rawls (1993) wrong: *Political Liberalism* is an attempt to update his *Theory of Justice* (1971) in various ways. The possibility that rational individuals will, even if they are good-willed, arrive at different conceptions of “the good” led Rawls to declare the “factum of pluralism”. A variety of concepts of “the good” were here to stay and moral and political philosophy had better take that into account. *Prima facie*, this sounds like Rawls would have moved away from Western universalism and the optimism of the

enlightenment, yet he has not.² Of the six reasons that he offers for the possibility of the factum of pluralism, none deals with the possibility of conflicting values and norms, none with the possibility that religions beliefs might be its root cause. Religions or – to use Huntington’s term – civilizations deal, however, often with absolutes that are not negotiable in any meaningful way. The question then becomes whether after having made due account of the fundamental differences, there is sufficient room for creating and implementing institutions that lead to a free and peaceful order.

This question is of immense practical relevance: there is substantial migration from Muslim countries to the West. How should the West deal with it? How can it be liberal but protecting its values at the same time? The accession of Turkey to the European Union is discussed. Is the EU united by a common core of values that would make inclusion of Turkey impossible? How about international organizations? Two Western countries – the U.S. and to a lesser degree the U.K. - came out very strong of World War II and were able to heavily influence the shape of international organizations. Overall, Western influence seems, however, to be diminishing with Asian, but also Muslim countries gaining strength. What policy implications follow from this?

We will not be able to deal thoroughly with all of these questions in this contribution. Here, we will concentrate on the question whether the institutions of a free society are compatible with the values of Islam. The rest of the paper is organized as follows: in the next section, the relationship between values and institutions will be taken up. We will try to identify the institutions that are the basis for a free society. It will also be attempted to identify those values that could have been conducive to the emergence of those institutions. In section three, the compatibility of Muslim values with the institutions identified in section two is checked. Whereas in section three, the “economic ethics” of Islam was the indicator used for ascertaining Muslim values, section four uses another indicator, namely opinion polls that contain questions reflecting the prevalent values. Section five serves to deal with some possible policy implications.

2 The Values and Institutions of a Free Society

First of all, it is necessary to define values as well as institutions. Values will stand for "... conceptions of the desirable, influencing selective behavior" (International Encyclopedia of the Social Sciences, entry values). A cluster of

² For a more recent proof, see his *Law of the Peoples* (1999).

values will also be called a value-system. Shared values imply shared conceptions of the desirable. In order to share conceptions of the desirable, i.e. of the 'ought', the group that is sharing those conceptions must have achieved some shared perception of the 'is' as well. This might not seem to follow straightforwardly but since values are supposed to influence a person's selective behavior, it follows that in a certain situation a person that has internalized some value will only consider so many different possible ways to act in this situation and will exclude other theoretically possible ways from closer consideration right at the outset. If a second person who shares the same value will act in one of the ways excluded by the first person, then she must have perceived a different situation. We will therefore assume that shared values imply not only shared normative conceptions but also shared cognitive perceptions. This is so because we do not consider it as useful to assume that two persons sharing the same value act differently in two apparently identical situations.³

Institutions are here defined as commonly known rules that are used to structure recurring interaction situations and that are endowed with a sanctioning mechanism whose use will be threatened in case of non-compliance with the rule. It is now possible to distinguish between various kinds of institutions depending on the relevant sanctioning mechanisms: some rules are enforced by representatives of the state, others by mechanisms that work without recurring on the state, such as reputation (for a more precise taxonomy of institutions, see Voigt and Kiwit 1998).

The main assumption underlying this section is that the values and norms shared by most members of one society will be reflected in that society's institutions. The institutions (which are heavily influenced by the value-system held by the members of a particular society) will, then, in turn, determine its prospects for economic growth but also for the political regime.⁴ The hypothesis that "institutions matter" has received widespread attention over the last number of years. Empirical studies show that there is no clear-cut correlation between

³ We are here facing an epistemological problem: How can the observer claim that the persons acting are facing two identical situations? This evaluation of the observer is itself based on certain conceptions that might not be shared by the actors. This is why we are talking of an "apparently" identical situation.

⁴ This does not exclude the possibility that institutions can have an influence on the values and norms held by the members of a society. It is here conjectured, however, that whereas formal institutions can be changed overnight (e.g. by colonizers), values and norms are much more sticky and thus only subject to slow change.

democracy and growth (Przeworski and Limongi 1993) but that basic civil and economic rights are indeed conducive to economic growth (see de Haan and Sturm 2000 as well as Berggren 2003 for recent overviews). If our hypothesis is correct, it is necessary to identify the values and norms shared by most members of a society in order to understand its economic performance, which will be mediated by the prevalent – formal and informal – institutions of a society.

Why should the values and norms of a society determine its formal institutions? A full-fledged theory would have to point to the mechanisms that transform values into institutions. The values - and interests - get mediated through different groups: organized lobbying groups, political parties, the churches; the media surely have a mediating function, too. Instead of an attempt to present such a theory here, some simple arguments will be named.

Hayek (1960, 181) maintained that "... a group of men can form a society capable of making laws because they already share common beliefs which make discussion and persuasion possible and to which the articulated rules must conform in order to be accepted as legitimate." In order to agree on some set of formal institutions, the people who are to be governed by them need to share some values and beliefs. The finding that any legislator is restricted by the norms and values of its respective people was most poignantly described by David Hume: "It is therefore, on opinion only that government is founded; and this maxim extends to the most despotic and most military governments, as well as to the most free and most popular" (1777/1985, 32). It must be in the long-term interest of any legislator - democratic or not - to take the value-system of the governed society explicitly into account. If the legislators deviate too much from it, opposition might be able to organize which could eventually lead to an overthrow of the legislator. One of the central features which constitute a government is its monopoly in threatening to use and actually using force (*Gewaltmonopol*). To secure that violations of (newly enacted) legislation will be prosecuted, government has to assure itself of the loyalty of the police. If newly enacted legislation is squarely incompatible with the shared value-system, violations will increase which will make their prosecution more costly or even impossible. Additionally, government might not be able to generate enough support within its police forces for the prosecution of such acts anymore.

It has been argued (e.g., Voigt and Kiwit 1998) that many informal institutions are very stable and not subject to deliberate change. Since incompatibilities between formal and informal institutions will greatly increase the cost of governing, it can be concluded that the formal institutions that can be set and modified at will

should not be completely at odds with the prevalent informal institutions.⁵ This last argument deals more with the “ought” than with the “is”. Yet, it also shows that incompatibilities between shared values and formal institutions will make governing very costly, at the margin prohibitively so.

We will now argue that (i) the rule of law, (ii) constitutional democracy, and (iii) market economy are the core institutions that are at the basis of free societies.⁶ But these institutions can only be successfully implemented if the underlying values of the respective societies are by and large compatible with them. Whether this is the case for Muslim societies will be the topic of sections three and four. Before we deal with this question, we need to describe the central characteristics of the core institutions of free societies.

The Rule of Law

The most important trait of the rule of law is that the law is to be applied equally to all persons (*isonomia*), government leaders included. It is therefore also called government under the law. No power used by government is arbitrary, all power is limited. Drawing on Immanuel Kant (1797/1995), laws should fulfill the criteria of universalizability, which has been interpreted to mean that the law be general, i.e. applicable to an unforeseeable number of persons and circumstances, abstract, i.e. not prescribing a certain behavior but simply proscribing a finite number of actions, certain, i.e. anyone interested in discovering whether a certain behavior will be legal can do so with a fairly high chance of being correct and can furthermore expect that today's rules will also be tomorrow's rules, and that the law be justifiable via rational discourse *vis-à-vis* anybody.

⁵ Tyler (1990 and Tyler/Huo 2002) has repeatedly argued that two cases through which law can become especially effective should be distinguished: (1) If it is in alignment with pre-existing morality – this is the case we have just described as the congruence between formal and informal institutions; (2) If some citizens regard lawmakers as moral authorities, or citizens believe that law as such deserves respect. Here, the relationship between formal and informal institutions would be turned on its head: citizens modify at least part of their moral convictions because the law is changed or because the lawmakers are seen as representing some higher form of moral authority. The empirical relevance of this second case seems doubtful. Were it to exist on a broad scale, it would constitute incentives for lawmakers to misuse the trust that many citizens have toward them. Democracy does seem sustainable, however, if a major part of the citizenry believes that the law deserves respect *as long as it was passed using procedures deemed to be fair or just*.

⁶ Literally speaking, all of these three concepts are made up of dozens of institutions as just defined. For short we will, however, simply call the concepts also institutions here.

There are a number of institutional provisions regularly used in order to maintain the rule of law. Amongst the most important ones are the separation of powers and the closely connected judicial review, the prohibition of retroactive legislation, the prohibition of expropriation without just compensation, *habeas corpus*, trial by jury, and other procedural devices such as protection of confidence, the principle of the least possible intervention, the principle of proportionality and the like. Empirically, a "perfect" or "complete" rule of law has probably never been realized: men and women have been treated differently just as members of different races have been. Successful rent seeking that leads to tax exemptions or the payment of subsidies is not in conformity with a perfect rule of law either because it is equivalent to treating people differently. The rule of law should therefore rather be understood as an ideal type in the sense of Max Weber (1922/1947) – that is, as a type that abstracts from many characteristics found in reality. In order to make realized types (i.e., those found in reality) comparable, ideal types provide criteria for comparison.

By necessity, the rule of law implies a market economy since decisions by the government of who is to produce what in which quantities etc. cannot be subsumed under general rules but imply the arbitrary discrimination between persons (Hayek 1960, 227). Individual liberty will only be exempt from arbitrary interference by government - or other powerful groups - if it is secured by an effectively enforced rule of law.

Logically, a rule of law-constitution does not imply that the political system be democratic. That is why we separately deal with constitutional democracy.

Constitutional Democracy

Closely related to the rule of law is the concept of constitutionalism which has primarily been developed by settlers in the British colonies of North America. It links the rule of law with the notion of a written constitution in which the basic procedures that government is to use are laid down. Constitutionalism is thus a normative concept not to be confused with the *de facto* constitution used by any society which has achieved a minimum amount of order to produce and finance public goods. A constitution will be called "effective" if the provisions that are laid down in the constitutional document are effectively enforced.

Democracies are called constitutional if the domain to which majoritarian procedures can be applied are limited. A constitution can be defined as the rules based on which a society makes its decisions concerning the provision and financing of public goods. A democratic constitution contains specific procedures

concerning the choice (and the substitution) of those who are to make decisions concerning the provision of public goods and who have the power to tax even those who are not in favor of a specific bundle of public goods being provided.

Market Economy

Market economies are based on a certain concept concerning the role of individuals: Only individuals are capable of thinking and acting responsibly, they are the only unit capable of pursuing goals. This position is often subsumed under the heading of 'methodological individualism'. Market economies are further based on the presumption of (individual) freedom in the sense of "... a condition... in which all are allowed to use their knowledge for their purposes, restrained only by rules of just conduct of universal application, ..." (Hayek 1973, 55). These concepts form the base for guaranteeing private autonomy which translates into the freedom to contract in the economic sphere. The freedom to contract only makes sense if private property is guaranteed. The freedom to contract can furthermore only enhance overall welfare if voluntarily entered into contracts are subsequently adhered to. We have thus arrived at Hume's three fundamental laws of nature: "... the stability of possession, of its transference by consent, and the performance of promises" (1740/1978, 526). Functionally, the provisions hitherto mentioned can be said to answer the question who is to have the competence to decide upon the use of factors and goods in a market economy.

The coordination of individual plans that will most likely not be compatible with each other *ex ante*, is brought about by competition and the price-system. If the questions concerning the competence are answered in the way just outlined, competition cannot be used as an instrument to achieve specific goals defined by a central authority, but must rather be modeled as an open process whose specific results are systematically unpredictable. This trait is best captured by the title of Hayek's (1978) paper "Competition as a discovery procedure". This understanding of competition also points to the fact that competition discovers new knowledge, e.g. in the form of technical progress, to the market actors. If innovations are successful, they will most likely draw some demand away from competing suppliers which will supposedly lead to a certain deterioration of their property rights. The existence - and acceptance - of such pecuniary externalities is a necessary condition for sustained economic growth.

But the functions of competition do not stop here. If a similar product is offered by more than one supplier or even if there is only the possibility of new entrants into the market, the probability of substitution gives the buyers the power to control the suppliers. The permanent threat of suppliers to be negatively

sanctioned by the other market-side, including the threat to be forced out of the market entirely, is said to produce positive incentives. If property rights enable entrepreneurs to appropriate the profits accruing from their economic activities, they would have every reason to behave innovatively.

To sum up: it has been argued that the shared values of a society will be reflected in its institutions, i.e. the ways its members coordinate their interactions. It was further argued that the rule of law, constitutional democracy and market economy form the core institutions of free societies.

3 Islam and the Values and Institutions of a Free Society

3.1 Preliminary Remarks

This section deals with the question whether Islamic values are compatible with the institutions of a free society shortly sketched in the last section of the paper. Since our assumption is that the values determine the institutions of a society that, in turn, determine economic outcomes, some facts concerning economic as well as political performance of Muslim states might be helpful. This is what we now turn to.

The United Nations Development Program published the “Arab Human Development Report 2002”. It includes 22 Muslim countries in North Africa and the Middle East and thus the core Muslim countries⁷ and its authors observe (ibid., 85) that the “sensitivity to oil markets, the low efficiency of physical capital and poor labor productivity resulted in fluctuating performance and, during the 1980s, a period of quasi-stagnation.” Combined GDP of all these Arab countries amounted to \$ 531.2 billion in 1999 which is less than that of Spain (\$ 595.5 billion). The authors of the report suspect that one reason for the low levels of growth and productivity is the low number in years of education.⁸

⁷ Muslim countries not covered by the report include former Soviet republics as well as the Asian Muslim countries (Afghanistan, Pakistan, Brunei, Malaysia, Indonesia). These are, however, included in our own calculations below.

⁸ One factor of the quality of education and knowledge is the intensity with which ideas produced elsewhere can float into the Arab world. The report cites a couple of stunning numbers (ibid., 78): In the entire Arab world, some 330 books are annually translated, one fifth of the number of translations into Greek. The cumulative number of books that have been translated since the 9th century – the time of Caliph Maa'moun – is about 100 000 which is the average of translations in Spain in just one year!

We hypothesize that inadequate institutions are the main reason for this unsatisfactory performance. In order to provide an overview concerning the quality of institutions most relevant for the rule of law, constitutional democracy and market economy, table 1 therefore contains some indicators representing the rule of law, constitutional democracy, and market economy (or their prerequisites). Our table is not confined to the Arab countries listed in the UNDP-report but also includes those Muslim states that used to be part of the Soviet Union as well as the Asian Muslim states. There are a number of possibilities to identify a state as 'Muslim'; one could, e.g., ask whether its constitution explicitly mentions Islam as the official religion etc. We have here opted for a broader definition: we have tried to include all states in which adherents to Islam form at least a relative majority in comparison to the followers of other religions. For many, religion is the single most important denominator of a person's value-system. If value-systems do indeed heavily influence the growth prospects of a country as argued in this paper, such a broad delineation seems warranted.

Altogether, the table contains 47 Muslim countries; to be able to compare the values with more familiar states, the values for Germany, Sweden, and the U.S. are also presented. These countries do, however, not form a reasonable control group; we have therefore added five Latin American countries (Bolivia, Brazil, Guatemala, Honduras, and Peru), this particular choice partially driven by data ability. The countries are grouped by (somewhat arbitrary) regions of the World. Within the regions, countries are listed according to the percentage of the population that is counted as Muslim. The table contains seven different indicators either proxying for our three central institutions or proxying for important components thereof. All indicators have been re-arranged and allow values of up to 10, where a 10 is the "best" possible score. With regard to corruption, a 10 would therefore mean a virtually corruption-free country.

The components are:

- (1) "Democracy"; as reported by Polity IV for 2001. The Democracy indicator is an additive eleven-point scale (0-10). The operational indicator of democracy is derived from codings of the competitiveness of political participation, the openness and competitiveness of executive recruitment, and constraints on the chief executive.
- (2) "Rule of Law"; as reported in the Economic Freedom Index for 1999. An eleven-point scale (0-10) was used for the issue whether legal institutions were supportive of the principles of the rule of law and access to a nondiscriminatory judiciary was granted.

- (3) “De facto judicial independence” as reported by Feld and Voigt (2003). The original data were converted into an eleven-point scale (0-10) to indicate how independent the judiciary factually was from the other branches of government.
- (4) “Civil liberties” as reported by Freedom House. Again, the original data were converted into an eleven-point scale.
- (5) “Freedom of the press”, as reported by Freedom House. Here again, the original data were converted into an eleven-point scale.
- (6) “Economic Freedom Index”, as reported by the Economic Freedom Index. Here the composite value which is a weighted average of 17 different variables is indicated.
- (7) “Corruption Perception Index” as reported by Transparency International for 2002. This is a composite index minimally containing three different data sources for the estimation of corruption levels.

In order to get an overall impression of the relative position of the countries considered, a very simple (and very coarse) overall indicator was constructed in the following way: The data available for a country were added up and then divided by the number of variables that were available. This means that the overall indicator can take on any value between 0 and 10. Of course, one could argue that some aspects are attributed too much weight and others simply ignored. Nonetheless, the overall indicator offers a “fact-based intuition” on the relative strengths and weaknesses of governance issues in the Muslim countries.

[TABLE 1 AROUND HERE, PLEASE]

If one compares the average of all the averages of the governance indicators from Latin America with those of the Muslim World, the Latin American countries score better any of the Muslim regions here used. Latin American countries systematically outpace the Muslim regions with regard to political issues here exemplified by the democracy score, civil liberties and freedom of the press. With regard to the rule of law, some of the Muslim countries score very high (a perfect score for Morocco?!) and do better than the Latin American countries. This is also the case for economic freedom. Concerning corruption Latin American countries do not seem to display levels significantly different from those reported in the Muslim countries.

The UNDP-report (2002, 26) claims that there is substantial heterogeneity with regard to the Human Development Indicator for the 22 countries surveyed there. With regard to the governance indicators surveyed for 47 countries here, we find astonishingly little heterogeneity with regard to a number of variables within and

among regions: the average democracy score for the Muslim successor states of the Soviet Union is 0.67, that for the countries on the Arabian peninsula 0.14. Mali, Senegal, Bosnia-Herzegovina, and Turkey are the governance hopefuls of the Muslim world, whereas Iraq, Turkmenistan, Libya, and Sudan come out worst. Is it possible to explain the meager governance scores of these countries – as well as their meager economic performance – with the values prevalent in those societies?

We are not the first to ask that question. Many Islam experts have claimed that Islamic values are not the root cause for the unsatisfactory political and economic performance of these countries. Some have claimed that the economic ethics of the *Qur'an* would be compatible with a social market economy (Ghauassy 1986, Nienhaus 2003), Lewis (2002) has observed that (government) elites in the Muslim world have emerged in spite of Islam and not as part of it, and Rodinson (1971) has even claimed that colonization was responsible for the lack of capitalism in the Muslim world.⁹ Contrary to those evaluations, it will be argued here that there are compelling reasons to assume that Islamic values are a central cause for explaining the meager performance of Muslim countries. In this section, we set out to analyze the “economic ethics” of Islam and its effects on the three central institutions identified above. Max Weber (1920/1988, 238) delineated “economic ethics” as “...not the ethical theory of theological compendia ... but the practical impulses for action that are based on the psychological and pragmatic connections of the religion.” This delineation is taken up here.

3.2 The Rule of Law and Islamic Values

Two issues can be distinguished: the values that are a precondition for setting up a rule of law, and those that are necessary to sustain it once it has been set up. Above, it was pointed out that one central trait of the rule of law was that all persons are treated equally (*isonomia*). If the values promoted by a religion say otherwise, the concept of the rule of law might remain alien to those holding the relevant values.

This seems to be the case in Islam. From the beginning, three social inequalities were not only sanctioned but “sanctified by holy writ” (Lewis 2002, 83). These

⁹ Since not all Muslim countries were colonies, those that were not should be better off according to that line of argument. This is, however, not the case. Inversely, not all countries who used to be colonies are as bad off as former Muslim colonies. This suggests that Islam and its behavioral consequences might be one relevant determinant to be taken into account.

are the relationships between master and slave, between man and woman, and between believer and unbeliever. It is not difficult to find these sanctified inequalities in the institutions of many Muslim states. Although slavery was officially abolished in 1962 in Yemen and Saudi Arabia, there are some places in the Arab world where slavery has been restored (ibid., 89). The differential treatment of men and women is not constrained to informal institutions, but still sanctioned by many states: many of the women's legal entitlements are different from those of men, often including voting rights. The third sanctified inequality still plays a role too: the *Shari'ah*, the Muslim law, is not applicable to non-believers. This distinction deals with differences between the inhabitants of a country. This is also a fundamental distinction between "good" and "bad" countries, namely countries belonging to the Islamic world (*dar al-Islam*) and those not belonging (*dar al-harb*) against which a jihad has to be fought until a single world, that of Islam, has emerged.

The rule of law, as well as constitutional democracy, means restricted government. It seems that government restrictions are particularly useful if many members of society share individualistic notions, i.e. view the individual as autonomous in setting her own goals and not as instrumental to the attainment of some higher collective goals be they be declared by government or religion. If such individualistic notions are not shared, the necessity to endow the individual with negative rights vis-à-vis the state becomes flawed – and consequently less likely. There is evidence that individualism does not play a prominent role in the Muslim world.

If decisive parts of the population adhere to organicist state conceptions that view the state as having a purpose that goes beyond the provision of public goods demanded by individual members of society, the establishment of a rule of law that binds the representatives of the states to the same rules that the other members of society are bound to would seem unlikely because the representatives of the state are seen as pursuing other, "higher" ends and thus need adequate means. If large parts of the population think of the state as an organization that is responsible for promoting some truths, it is, at least *ex ante*, by no means certain that every individual should be treated equally. Islam pretends to be relevant in all walks of life, not just for the spiritual necessities of its followers. Muhammed was not only a prophet, but also a worldly ruler. With some justification, Islam can be dubbed as promoting theocracy, and some Muslim states as caesaropapal, i.e. not dividing between worldly and religious governments. This separation is characteristic for the West and has been identified as one of the reasons for its development (e.g, Berman 1983). Lack of it can, in turn, explain the bad scores

with regard to the rule of law that we observe in many Muslim states. Many governments in the Muslim world are secular governments who try to contain the influence of Islamic fundamentalists as much as possible. Cases where they have failed to do so (e.g. Iran) have, however, not led to radical improvements in governance scores of those countries.

A possible counter-argument against this line of reasoning could state that it is not Islam, but utility-maximizing autocrats who prevent the emergence of the rule of law in most of the Muslim world. But this argument is only convincing if it can explain why interest groups in other parts of the world have been more successful in systematically constraining their governments. Why were the Muslims not the first to have a Magna Carta given their high level of development in the 12th and 13th century? The autocrats of the Muslim world are not the only group profiting from the current state of affairs, the *ulema* (the Muslim clerics) also do. How come they have been able to successfully suppress all attempts of a modernized interpretation of *Qur'an*, i.e. an Islamic Reformation? Why is it that the bourgeoisie has not become a sufficiently important force to stop clientilism and corruption?

These are tough questions. A partial answer could be that Islam has always also been a worldly movement and that rents often seemed more important than truly trying hard to live a good life. But still: a substantial reform could make many people better off. Why don't we see more demands for such change? Voicing such demands would amount to the production of opposition. Its production is, however, costly and furthermore a public good. Therefore, it must be demonstrated that it can be rational to voluntarily participate in the production of the public good "opposition". It is argued that government will only give in to the demands of an opposition if it is confronted with a credible threat by a sufficiently large number of citizens that could reduce its expected utility from governing. More precisely: it will give in if the expected utility from giving in is higher than the expected utility from not giving in. It seems plausible to assume that it is easier for organized groups than for unorganized individuals to oppose government because organized groups have already solved the problem of collective action (Olson 1965). An active civil society would thus increase the chances for the emergence and sustainment of the rule of law.

Prima facie, the economic ethics of Islam seems to favor civil associations. The UNDP-report (2002, 109) describes the ancient civil tradition of *waqf*. Since the end of the nineteenth century, it would have taken the form of cultural associations and charities whose main activities were education and the provision

of health care. The report then goes on to describe bureaucratic impediments that would prevent those charities from performing effectively. Lewis (2002, 111) is a bit more critical here: he talks of the *waqf* in the past tense and points out that many modernizing autocrats have been able to bring those charities under state control. Putnam (1993) has shown that different degrees of civil society can help explain differences in the quality of local infrastructure goods among the various regions of Italy. In his work, he emphasizes the importance of voluntarily founded and horizontally structured associations. This double-criterion led him to exclude associations connected with the Catholic Church. La Porta *et al.* (1997) have taken up this distinction between horizontally and vertically structured civil associations and have asked whether Putnam's findings hold beyond Italy. They grouped Islam as a hierarchical religion (the Orthodox Church was also put there) and found evidence in support of that hypothesis.

A similar concern is echoed in Lewis' (2002, 112) idea that in the Islamic context, it might be appropriate to measure the independence of civil society not in relation to the state, but in relation to religion. "Secularized" civil society seems to be rather weak in Muslim countries. But what are the values preventing the formation of voluntary associations there? Obviously, relevant parts of the population need to be convinced that it is not fate that is responsible for their lot, but - at least to some degree - their individual actions. If that is not the case, the formation of civil associations would be pointless and no relevant opposition can be expected when autocrats try to seize power and try to rule arbitrarily rather than under general rules. The autocrat's seizure of power will then be interpreted as fate and the production of opposition as pointless. The fatalism of many Muslims has been stressed by many observers.

Kuran (1995) has introduced the notion of preference falsification which might also have some explanatory power here: according to that notion, individuals have incentives not to declare publicly their true private preferences if this is connected with some sort of punishment. In the long run, due to the desire to reduce their cognitive dissonances, individuals might even choose to modify their private preferences. In another paper, Kuran (1997) points out that - given the environmental conditions are sufficiently stable - this might lead people not even to perceive of any potential improvements anymore. If this is the case, political demands for improvement can be expected to be minimal.

To sum up: The erection of a rule of law-regime is unlikely if most members of the relevant society do not think people should be dealt with equally. It will even be more unlikely if this view is supported by their religion as seems to be the case

in Islam. It is therefore not a surprise that the institutions making up the rule of law are rather underdeveloped in the Muslim world.

3.3 Constitutional Democracy and Islamic Values

In the last subsection, we have dealt with the values that seem to further and those that seem to prevent the establishment and implementation of a rule-of-law regime. There are, of course, broad overlaps to the issue tackled in this subsection, namely the values conducive to constitutional democracy. Since we are here only interested in constitutional, i.e. constrained, democracies, all the aspects pointed out in the last section should be relevant here, too. Democracy itself is, however, not a necessary complement of the rule of law. We will therefore try to focus on those values that seem to be requisites for sustainable democracy here.

Gellner (1994, 17) observed that long before the concept of separation of powers was formulated – and implemented – in the West, Islam had a religious version of both: “legislation was distinct from the executive because it had been pre-empted by the deity, and religion itself was above all the Constitutional Law of society.” However, Gellner (*ibid.*, 26) goes on to argue that Islam does not offer a blueprint for the organization of power. “This vacuum is filled without protest by clientelist politics.”

Democracy includes specific forms of appointing members of the legislature and the executive. Legislators have *inter alia* the function to pass formal institutions which facilitate decentral cooperation which is believed to be welfare-enhancing. Since interaction situations can change over time, e.g. due to technical progress, adequate institutions can also change over time. It is thus necessary to endow legislators with the competence to pass fresh legislation. Islam has, however, had extraordinary difficulties with this notion of legislation. To quote Lewis (2002, 101) again: “In the Muslim perception, there is no human legislative power, and there is only one law for the believers – the Holy Law of God...” It was Max Weber (1921/1980, 459ff.) who observed that the theologians interpreting the Holy Law led to an intellectually driven casuistry that was often, however, not interested in practical problems at all.

Suppose a society has given itself a constitution that mandates periodic elections of those who are to determine the exact composition of the public goods bundle to be provided. Under what conditions will such a constitution become effective? Assume that the hitherto governing party has just lost the elections. Why should its members leave office and hand the government over to the winning party instead of simply holding on to it? Economically speaking, one would expect the

losing party to leave office only if the expected utility of that action is higher than the expected utility of not leaving office. If the losing party expects that the representatives of the (now) winning party would never leave their offices after a (future) defeat, the representatives of the (now) losing party would not have a good reason to leave.¹⁰ Trust that the opposing party will play according to the rules in the future is therefore a prerequisite for a functioning democracy.¹¹ Expressed differently: if some of the crucial actors are bound to the functioning of democracy *per se* and attribute some utility to its preservation even if it is not they themselves who hold office at that time, the likelihood that democracy will be sustainable is higher (on this, see Przeworski 1991).¹²

Unfortunately, evidence concerning levels of trust with regard to Muslim countries is very incomplete. Nevertheless, the World Values Surveys which has been carried out in four waves since the early 1980ies in some 40 countries does include some Muslim countries. It appears that the percentage of the population who answered that most people can be trusted is significantly lower than the share in other countries:

“Generally speaking, would you say that most people can be trusted or that you can’t be too careful in dealing with people?”		
	No	Yes
Nigeria	80.8	19.2
Pakistan	81.2	18.8
Turkey	94.5	5.5
Azerbaijan	79.5	20.5
Bangladesh	79.1	20.9
Germany	58.2	41.8
Norway	34.7	65.3
Sweden	40.3	59.7

Source: “V.27” of World Values Survey; Data taken from third wave (1995-97), the latest one for which data are available.

Of course, there is a difficult causality issue involved here: are trust levels rather constant and thus constrain the possibility to implement a constitutional

¹⁰ Inglehart (1997, 172) advances a similar argument: a government losing elections must moreover trust the former opposition that it will not imprison or execute the former government once the former opposition takes over office.

¹¹ An example of insufficient trust to uphold democracy is the Algerian elections of 1991: the (secular) government expected the Islamic Salvation Front to win and said that once in power, the Front could not be trusted to give it up again. The elections were thus cancelled.

¹² It would be interesting to deal with the question whether it is possible to induce such bonds by creating respective institutional arrangements (for example, by exchanging hostages and the like). This, however, does not belong here.

democracy or is it rather the other way round that functioning democracies lead to rising levels of trust? To answer that question one would have to delve more deeply into the mechanisms leading to trust levels which cannot be achieved here.

3.4 Market Economy and Islamic Values

One of the most important functions of legislation with regard to market economies was already alluded to in the last subsection; namely, that carrying out positive-sum games is encouraged (made less expensive) and that carrying out zero- or even negative-sum games is discouraged (made more expensive). It was shown that lawmakers in Muslim countries were seriously constrained in that endeavor due to fundamental religious beliefs. Weber (1921/1980, 375) points out that the economic ethics of Islam is “purely feudal”. The most pious of first-generation Muslims were already the richest in terms of booty, i.e. in terms of a negative-sum game. He believes the role of the booty as well as that of rent-seeking in Islam to be in exact opposition to the puritan evaluation of these two issues.¹³

Lewis (2002, 111) points out that Islamic Law does not recognize corporate legal persons. It is well-known, however, that many transactions can be carried out more cost effectively within a hierarchical structure (i.e. a firm) rather than via the market. If formal law does not provide for the possibility to establish hierarchies, this can lead to suboptimal firm size and an inefficient organizational structure.¹⁴

¹³ For a long time, Islam experts have either ignored Weber or argued that his critical evaluation of Islamic economic ethics was seriously flawed. The volume edited by Huff and Schluchter (1999) is the result of a conference in which both Islam and Weber experts participated and has led to a renewed interest in Weber's views.

With regard to Weber's argument concerning Protestants and Catholics, Arruñada (2003) has recently shown that it can be re-interpreted as Catholics being favorable to personal exchange and Protestants to impersonal exchange. Either can be adequate, depending on the specific conditions of the environment (technologies etc.). This argument might also be applicable to Islam and might be a way to explain that the Arab countries were leaders in technology and innovation for some time but have been in decline for many centuries now.

¹⁴ See also Greif (1994) who describes how the Maghribi traders slowly lost ground to their competitors from Genoa. The Maghribi traders were Jews who had adapted the Muslim values and who weren't able to expand as fast as the Genoese because they had to rely on family members whom they could trust whereas the Genoese invented institutions that could function in place of personal ties.

But the impossibility to realize gains from exchange can not only be caused by inadequate law, but also directly by religious values. Weber describes that the Shiite version of Islam goes very far in its irrationality: if they could, they would prohibit trade with infidels entirely. It is probably overstretching the case but it is interesting to note that the Arab economies are barely integrated into the world economy (UNDP 2002, 4).

An institutional prerequisite of a striving market economy is certainly the existence of *private property rights*. Islam constrains the degree to which private property rights can be introduced. Non-renewable resources like mineral resources or water are exempt from private ownership. This might help to explain the relatively high state quota observed in many Muslim states. It might also have made it easier for governments to run quite a few other firms as state-owned enterprises.

Another prerequisite is that individuals who are doing exceptionally well economically are perceived as role models rather than being looked at enviously. This implies that the perceived *inequality* of economic outcomes is *accepted* as long as it is legally attained. This is not to imply that inequality either of property or of income were a necessary prerequisite for a market economy and economic growth. Yet, Weber (1921/1980, 477) observed that Muslim jurisdiction tends to lean toward "material" justice, i.e. is not constrained to the formal aspects of the conflict. He gives an example where this had led to economically unwanted results: In Tunis, the soil could for a long time not be exploited in a capitalistic fashion.

Yet another prerequisite for a market economy is that *individuals* are geographically and socially *mobile*. Geographic mobility is favorable because it enables the mobile factors to combine their inputs with other - immobile - factors. High geographical mobility ensures the possibility of putting the factors to their most valued use. In order to be enhancing market systems, this attitude must also be shared by those who are immobile, i.e. those at the 'recipient end'. If they share a militant aversion against strangers - for example because they constitute a source of competition on the labor-market possibly leading to lower wages -, theoretically possible economic growth will not be realized. Social mobility includes upward as well as downward mobility. It is favorable to market systems if people moving up the social ladder are not looked at enviously but are rather perceived as role models. Downward social mobility should ideally not be

accompanied by stigmatizing those who have moved down the social ladder.¹⁵ Lewis (2002, 83f.) points out that at the beginning of the nineteenth century, it was easier to attain wealth, power, and dignity in the Muslim countries than in Europe, including post-revolutionary France. Here again, Lewis uses the past tense and things seem to have changed in the meantime.

If religious values are rather stable over time and they did allow a certain degree of social mobility at the beginning of the 19th century, then the absence of social mobility today can hardly be blamed on religious values. One would have to ask who the elite was and how it has been able to exclude large parts of society from moving up. This can, however, not be achieved here.

One more prerequisite for a market economy is that individuals are ready to *accept* that some people will make a fortune out of *seemingly unproductive activities* like trading or 'unproductive' services and especially financial services. The prohibition to take *riba* (interest) is probably the best-known single rule of Islamic economic ethics. The ways that are used to circumvent it have been the topic of many papers. Circumvention increases transaction costs, i.e. leads to a decrease in the efficiency of the system. But the prohibition to take *riba* is only part of a broader notion, namely that the possession of capital and soil as such should not be sources of income. This should be confined to labor which means that the potentially wealth-enhancing function of financial intermediaries, brokers etc. is not recognized. This is bound to hamper the development of market economies.

Yet another prerequisite is that individuals *share* some '*lesser virtues*' such as being honest, being on time, not cheating on each other etc. If a person can have reasonable expectations that another person unknown to her will e.g. stick to his promises, this will greatly decrease the costs of transacting thus make exchange less complicated and less costly. In his "the Protestant Sects and the Spirit of Capitalism", Weber (1920/1988) describes that members of these sects introduced fixed prices in their stores. This evidently reduced transaction costs. The bazaar economy seems to be, on the other hand, the paradigmatic form of trade in the Muslim world.

¹⁵ An example for a society that does evidently not stigmatize people moving downward was given by Tocqueville (1840/1945, 236): "The Americans, who make a virtue of commercial temerity, have no right in any case to brand with disgrace those who practice it. Hence arises the strange indulgence that is shown to bankrupts in the United States; their honor does not suffer by such an accident."

Of course, some of the attitudes here described as favorable to an economic system based on decentralized co-ordination are not backed up by corresponding norms in societies that have long been coordinated in this way. It seems to be essential, however, that the people who do share the above-mentioned attitudes are not hindered actively by those parts of the population who do not share them. In other words: It might not be necessary that the listed attitudes are actively backed up by corresponding values but that there are no values that punish those who share them. If there are “umbrella-values” which secure that people who do behave according to some of the above-mentioned attitudes will be sanctioned because they break some traditional value, prospects for economic growth are pretty slim.

3.5 Putting It Altogether

There are significant overlaps between the rule of law, constitutional democracy, and market economy which have not been systematically dealt with. Trust, e.g., does not enhance the likelihood for sustained democracy, it also decreases transaction costs and leads to a higher number of welfare-enhancing transactions taking place. But these central institutions of free societies cannot be combined at will like the parts of a quilt. A functioning market economy presupposes the implementation of some general rules, i.e. some form of rule of law. That means that values conducive to a market economy but in conflict with the rule of law will most likely not be sufficient for the implementation of a successful market economy. Whether these groups of values are empirically ever in conflict with each other, is, of course, an entirely different matter.

Section three served to present an overview of the economic and political situation in 47 Muslim countries and to ask whether the values promoted by Islam were by and large compatible with the core institutions of free societies, namely the rule of law, constitutional democracy, and a market economy. Drawing on economic ethics as delineated by Max Weber, the result was that there are a number of very severe impediments that would make the implementation of these core institutions unlikely in the Muslim world. We now turn to an alternative way of ascertaining some of the values and attitudes that are shared by many citizens of the Muslim countries, namely opinion polls. It will be interesting to see whether their results point in the same direction as the – rather academic – analysis of economic ethics.

4 Islamic Values as Ascertained by Opinion Polls

In April and May 2003, Muslims in 14 states were surveyed concerning their opinion on government and social issues by the Pew Global Attitudes Project (2003).¹⁶ The short time span that had passed after the end of the second war in Iraq might have had an impact on some of the responses especially concerning the evaluation of the West, or more particularly the U.S., but opinions on fundamental issues of government should not have been influenced unduly by this. Opinion polls are, of course, not unproblematic as a source of information: many of the states in which the survey was conducted are authoritarian and some governments even prohibited specific questions to be asked. Kuran's (1995) notion of preference falsification might also play a role: If "truths" are only uttered privately, whereas publicly, statements perceived as "politically correct" are pronounced, this can mean that opinion polls contain precious little information on the attitudes the surveyed really hold but rather on those they believe they are expected to declare to be holding. Notice that this can even skew the results in favor of the attitudes compatible with free institutions if these are the publicly declared ones.

Although there is strong support for bin Laden in many of those countries, Western values appear to be quite prominent. The Project (*ibid.*, 6) reports that "people in Muslim countries place a high value on freedom of expression, freedom of the press, multi-party systems and equal treatment under the law." These are important components of the rule of law as well as of constitutional democracy. We now turn to have a closer look at the results of this survey.

The Rule of Law

We have seen that the values of Islam appear to be largely incompatible with the rule of law and constitutional democracy. In order to find out whether these core institutions of a free society would have some backing among the Muslim populations, it is therefore interesting to ask them about the role that Islam currently plays in their country and the role that they think Islam should play. Here are the results:

Role of Islam in Political Life			
	Plays a Large Role	Should Play a Large Role	Difference

¹⁶ A similar survey had been conducted in 2002. Countries that were covered by at least one of those surveys and that have a substantial Muslim population are Turkey, Jordan, Lebanon, Palestinian Authority, Morocco, Egypt, Mali, Senegal, Ghana, Ivory Coast, Nigeria, Tanzania, Uganda, Uzbekistan, Kuwait, Pakistan, Bangladesh, and Indonesia.

Pakistan	56	86	+30
Uganda	38	66	+28
Jordan	50	73	+23
Bangladesh	56	74	+18
Ivory Coast	44	54	+10
Ghana	42	52	+10
Mali	61	70	+ 9
Nigeria	62	61	- 1
Indonesia	86	82	- 4
Turkey	46	41	- 5
Tanzania	28	17	-11
Uzbekistan	55	41	-14
Lebanon	71	49	-22
Senegal	65	42	-23

Source: Pew Research (2003, 34)

Apart from Tanzania (which we have not included in our own survey because indigenous beliefs are as strong as Islam on the mainland), the populations that seem most ready to attribute Islam a less important role in politics are those of Turkey, Uzbekistan, and Senegal. In most other countries, overwhelming majorities wish Islam to play a major role in political life. The same question was asked as part of a study conducted by the Office of Research with the U.S. Department of State in 1999. It is noteworthy that the shares of those who believe that Islam should play a large role has substantially diminished.¹⁷ If the argument of the last section, namely that Islam and the rule of law are at least partially in conflict is accepted, then the answers to this question are no reasons to be hopeful.

A closely related issue is that of the role that religious leaders should secure in politics. Up to 91% of the Muslims asked answered that they should play a larger role in politics, with the populations of Senegal, Tanzania, Uzbekistan, and Turkey being least convinced that this should be the case.

¹⁷ From 87 to 41% in Turkey, from 81 to 41% in Uzbekistan, from 84 to 61% in Nigeria, and from 93 to 82 in Indonesia; the only country in which the question was asked both in 1999 and 2002 and in which agreement rates have not declined is Pakistan:

Religious Leaders Should Play a Larger Role in Politics		
	Agree	Disagree
Nigeria	91	8
Jordan	77	23
Bangladesh	76	14
Lebanon	72	23
Mali	64	33
Pakistan	63	17
Ghana	60	36
Ivory Coast	59	40
Indonesia	51	48
Uganda	49	41
Turkey	40	50
Uzbekistan	40	52
Tanzania	36	53
Senegal	36	64

Source: Pew Research (2003, 35)

It is quite revealing to compare the answers to the two questions, the first being more issue-oriented, whereas the second is more person-oriented. In Lebanon, e.g., there was no majority in favor of a larger role of Islam, but 72% of the Muslims support a more active role of their religious leaders in politics. *Prima facie*, the answers to this question seem to point in a very similar direction as the answers to the last question. Yet, they can also be interpreted as a critique of the quality of the current politicians: the worse they appear to be, the more ready could the citizens be to accept some one else, even religious leaders.

Yet another closely related question deals with the relationship between religion and government. It was argued in the last section that Islam could be interpreted as a caesaropapal religion and that this might be one of the causes of the relatively slow development. It is quite astonishing that - although there are majorities in favor of a more active role of religious leaders in politics in many Muslim states - substantial parts of the respective populations also believe that religion is a personal matter and should be kept separate from the government. Among the Muslim countries, absolute majorities completely agreed with the statement "Religion is a matter of personal faith and should be kept separate from government policy" in Ivory Coast (84%), Turkey (73%), Mali (71%), Senegal (68%), Uganda (62%), Nigeria (61%), Lebanon (56%), and Uzbekistan (55%). Complete agreement to that statement could not secure majorities in Jordan (24%), Pakistan (33%), and Indonesia (42%). Whereas the answers to the last question seemed to support the view of Islam as caesaropapal regimes, there are at least some populations who favor a separation of religious and political issues.

Above, it was pointed out that *isonomia* today also includes the equality of men and women but that formally, women still do not enjoy the same legal status as men in many Muslim countries. It is therefore interesting to confront this observation with the results of the opinion poll. It was asked whether "women should be able to work outside the home." The percentages of the population that completely agreed to this are the following: Uzbekistan (70%), Ivory Coast (70%), Turkey (66%), Lebanon (66%), Senegal (64%), Mali (54%), Bangladesh (48%), Tanzania (47%), Uganda (36%), Nigeria (35%), Ghana (35%), Pakistan (33%), Indonesia (22%), and Jordan (14%). In more than half of the countries surveyed, there was thus no majority of the population who believed that women should be able to work out of their home.

All in all, the results of the survey seem to complement the insights gained in section three, namely that the values based on Islam are not easily compatible with the rule of law.

Constitutional Democracy

When asked whether democracy was a Western way of doing things that would not work in their own countries or rather whether democracy could also work well in their country, large absolute majorities believed that democracy could also work in their country in most Muslim countries. The only exceptions were Pakistan and Turkey where only 44 (43) percent of the population believed that democracy could work well there.

Elections are one crucial ingredient of constitutional democracy. Asked whether it was very important, somewhat important, not too important, or not important at all that honest elections are held regularly with a choice of at least two political parties, absolute majorities claimed that this was "very important" in all the Muslim states considered here, except in Jordan (28%), Indonesia (40%), Uzbekistan (42%), and Pakistan (46%).

A precondition for honest elections is that people can discuss alternatives freely, that they can say what they think and criticize the government freely. Asked whether this was important to them or not, majorities in all countries claimed this possibility to be important. This is somewhat encouraging. Nevertheless, margins differ and the slightest margin in favor of free speech was encountered in Jordan (53:46).

Another precondition for honest elections is that the media can report the news without being censored by the government. Again, there were overwhelming

majorities that claimed this to be important in many states, with the most narrow margin encountered in Jordan (63:36) again. Taken together, these opinions rather seem to indicate that there are majorities in almost all countries who favor some of the crucial prerequisites for a functioning democracy.

Market Economy

Finally, what are the prospects for striving market economies in the Muslim countries when drawing on the responses to the same survey? A very straightforward way to find out is to put that question directly to those surveyed. They were asked whether they agreed with the statement that "Most people are better off in a free market society, even though some people are rich and some are poor." In all Muslim countries except one (Jordan), those who completely or mostly agreed outnumbered those who mostly or completely disagreed. Here are the (positive) differences between those who agreed and those who disagreed: Ivory Coast 59, Mali 42, Nigeria 65, Senegal 16, Bangladesh 15, Indonesia 15, Egypt 32, Lebanon 61, Pakistan 28, Turkey 30, and Uzbekistan 25. In Jordan, 53% of the respondent disagreed while only 47% agreed with the statement. The positive difference in the U.S. was 51 and that of German respondents 40. Many people in the Muslim world thus seem to favor a market economy in very general terms which is encouraging. We now set out to analyze the support of market economies a little more closely by dwelling with several of the aspects already dealt with in section 3.

If the individual actor is perceived as being mainly responsible for taking decisions and reaching goals, then the prospects for the establishment of a functioning market economy tend to be positively influenced. If, on the contrary, life is perceived as being mainly determined by destiny, it is unlikely that people will start to be economically active in order to improve their lot. Many Muslims agree with the statement "Success in life is pretty much determined by forces outside our control." In Turkey, 76 percent agree with this, while only 17 percent reject it (Agree-Disagree-Percentages for other Muslim countries read: Ivory Coast 52:48, Mali 71:24; Nigeria 64:32; Senegal 59:39; Bangladesh 60:9, Indonesia 52:46, Egypt 48:42, Jordan 61:39, Lebanon 54:42, Pakistan 59:16, and Uzbekistan 54:36). But before drawing conclusions hastily, a look at some Western figures might be helpful: In Germany, 68 percent agree with the statement. In the U.S., only 32 percent agree, while 65 percent disagree.

Individual freedom and result-oriented justice are competing values. In an ideal-type market system, there is no room for result-oriented justice because it implies the striving for specific distributive results. This is incompatible with a market

system because it is an open system that simply does not have any specific purposes. If the (transitory) distribution brought about by the market is seen as "unfair" or "unjust" and is therefore held to necessitate correction, a purpose is introduced that will be conflicting with the individual purposes of some market actors and will thus be interfering with their individual freedom. It could therefore be claimed that there is a trade-off between freedom and redistribution measures or: between freedom and equality. Answers to the question "More important that people are free or that the state guarantee no one is in need?" are surprising, if not confusing. The Bangladeshi were clearly in favor of the needy (63:32), followed by the Jordanians (63:35), the Indonesian (61:38), the Senegalese (59:41) and the Malis (57:42). In favor of freedom opted the Pakistani (61:24), the Nigerians (61:36), the Turkish (52:39), the Lebanese (52:47), and the respondents from Ivory Coast (51:49). Those responding in Uzbekistan were tied (49:49). What is striking are the answers given by West Europeans: Italians, e.g., opt in favor of the needy with a 47 point margin (71:24), others in the West tilting to freedom by a majority were the Americans (58:34).

Somewhat related to this question is the willingness to accept a substantial reallocation of resources if that is a precondition for enhanced efficiency. One question in the survey seems to capture this notion quite well, namely whether a large inefficient factory should be closed because that is necessary for economic improvement or whether it should not be allowed to close because that would constitute too much hardship for people. In non of the Muslim states emerged a (relative) majority in favor of closing the factory. Those with the closest difference between closing and not closing it were the respondents from Ivory Coast (10), from Lebanon (11), from Bangladesh (13) and from Uzbekistan (15). Those with the largest majorities in favor of keeping the inefficient factory going were respondents from Turkey (48), Jordan (45), and Mali (39). Unfortunately, this question was neither asked in the U.S. nor in Western Europe. Some answers from Central and Eastern Europe are, however, available. There the Czechs (63:33) and the Slovaks (50:48) opted in favor of closing the inefficient factory. By far the largest opposition against closing would have to be expected from Russians who said that closing it constituted too much of a hardship with a majority of 64:27.¹⁸

¹⁸ Voigt (1993/2002) is an attempt to ascertain the compatibility of values and attitudes in Central and Eastern Europe with the necessities of a market economy. A prediction of economic growth rates solely based on opinion polls very similar to the one cited here turned out to be amazingly accurate.

Putting it Altogether

In order to make the attitudes of the polled populations comparable, we have used the answers to twelve questions, four for every of our three categories. For each question, we have taken the percentage of attitudes favorable to the rule of law (constitutional democracy, market economy) and subtracted the percentage of answers unfavorable from it. The remaining difference was used as the basis for calculating a rank order of countries.¹⁹ For the rule of law, e.g., Senegal comes out first, which means that the attitudes of its population seem to be more favorable to the rule of law than any of the other populations asked. It is thus a relative rank order. The fourth column is simply the rank order that emerges if the rank orders of the three institutions discussed here are simultaneously taken into account. The variance among the three categories is a bit worrying, yet there seem to be some trends: based on the attitudes of its population, Jordan would clearly have the least chances to successfully set up the institutions that are supposed to be a precondition for a free society, and Pakistan and Bangladesh would also be in deep trouble. It may be noteworthy that as a region, Africa seems to have better chances than Asian countries polled.

Rank Orders With Regard to Attitudes Concerning				
	(1) Rule of Law	(2) Constitutional Democracy	(3) Market Economy	(4) Average of (1) – (3)
Ivory Coast	4	2	1	1
Mali	6	1	9	4
Nigeria	8	5	4	6
Senegal	1	3	7	2
Bangladesh	9	5	11	9
Indonesia	7	9	8	8
Egypt	-	-	3	-
Jordan	11	11	12	11
Lebanon	5	6	2	3
Pakistan	10	10	5	9
Turkey	3	7	10	7
Uzbekistan	2	8	6	4

Source: Own calculations on the basis of Pew Research (2003, various questions)

5 Possible Policy Implications and Conclusion

We have seen that most of the Muslim countries do not fare very well with regard to a number of indicators proxying for the three institutions conjectured to be at the core of free societies, namely the rule of law, constitutional democracy, and market economy. We have further seen that Islamic values are, by and large, not

¹⁹ The exact numbers for all twelve questions can be found in the appendix.

conducive to the establishment and maintenance of any of those institutions. In the last section, we have, however, seen that some of the attitudes of the populations are surprisingly supportive of at least some of the central aspects of the core institutions. What does this all mean with regard to the relationship between “the West” and “Islam”? In the introduction, three topics were mentioned, namely the migration of people from Muslim countries to the West, the possible membership of Turkey in the EU, and the rules of international law and the structure of international organizations. We now deal shortly with each of these topics.

Migration from Muslim Countries to the West

Not all Muslims are identical, there is a variety of attitudes found among them. Those who migrate demonstrate by this very fact that they do not succumb to fate but that they take their life in their own hands. This is the self-selection bias of immigrants. From a “Western” point of view, much speaks in favor of a migration policy targeted on those qualifications that could be best put to use in the respective economies. If these are qualified above average, this poses, however, the problem of “brain drain” with regard to their home countries. No matter whether the migration policy is targeted or not what appears to be crucial is to integrate Muslims in the sense of making them capable of speaking the language and of receiving a proper education. In Germany, second- and third-generation Turks often do not receive a basic school degree.²⁰ This leads to discontent and could increase the willingness to participate in Fundamentalist organizations.

Membership of Turkey in EU

The EU can be interpreted as a Union of shared values. The preamble of the Draft Constitution created by the European Convention does not refer to Christianity, but it does refer to humanism and the equality of men, freedom, and the importance of reason. We have seen that factually, many Muslim states have problems with realizing the rule of law and constitutional democracy. It could now be argued that membership in the EU could enhance Turkey’s capacity to stick to “European values.” The argument that membership in international

²⁰ Riphahn and Serfling (2002) have analyzed the relationship between the highest school degree that second generation immigrants (i.e. those already born in Germany) attained in Germany and their country of origin. The country origin variable was jointly significant and individually significant for most countries including Turkey. On average, second-generation Turks did significantly worse than all other groups (i.e. Italians, Greek, Yugoslavs, Spaniards, Dutch, Austrians, and Portugese).

organizations increases the capacity to credibly commit to certain policies has indeed often been made. On the other hand, conditionality as used, e.g., by the International Monetary Fund has had little positive effects. If the general argument advanced here, namely that the basic values and attitudes determine the institutions of a country to a large degree is correct, then the attempt to implement institutions not in conformity with the prevailing values and attitudes will lead to higher (monitoring and implementation) costs. Part of these costs would have to be paid by the EU; a tradeoff with potential benefits of Turkish membership is thus necessary.

International Law

In the introduction, it was hypothesized that Huntington might be right and Rawls might be wrong. Yet, there is a factum of pluralism in the sense that people adhering to different values and norms live simultaneously on earth. In order to reduce the negative externalities that actors convey on each other, some procedure is needed to arrive at some mechanisms. The procedure will most likely be negotiations between the representatives of the nation states, the mechanisms some sort of rule-set. In effect, there are dozens of international organizations that have come into being like that. They do not reflect any conception of "the good" as Rawls was hoping for but of "the possible" under the current constraints, i.e. the preferences of the actors.

TABLE

	Muslims in %	Islamic Law	Democracy	Rule of Law	De facto Judicial Independence	Civil Liberties	Civil Liberties (0 - 10)	Freedom of the Press	Freedom of the Press (0-10)	Econ Freedom Index	Corruption Perception Index 2002	Sum	# of Variables	OVERALL VALUE	RANK
<u>Africa</u>															
Mauretania	100	y	0			5	4,29	61	3,9			8,19	3	2,73	36
Algeria	99	y	1	1,7		5,5	3,57	62	3,8			10,07	4	2,52	38
Morocco	99		0	10		5	4,29	57	4,3	5,85	3,7	28,14	6	4,69	6
Tunisia	98		1	7,9		5,5	3,57	78	2,2	6,36	4,8	25,83	6	4,31	13
Comoros	98	y	2na			4,5	5,00	43	5,7Na			12,70	3	4,23	15
Libya	97		0			7	1,43	89	1,1			2,53	3	0,84	49
Egypt	95	y	0	5,8	2,4	6	2,86	79	2,1	6,48	3,4	23,04	7	3,29	30
Senegal	94		8	3,8		2,5	7,86	38	6,2	5,84	3,1	34,80	6	5,80	2
Djibouti	94	y	3na			4,5	5,00	65	3,5Na			11,50	3	3,83	22
Mali	90		6	3,8		2,5	7,86	24	7,6	5,83		31,09	5	6,22	1
Gambia	90	y	0			4	5,71	65	3,5			9,21	3	3,07	32
Guinea	85		1			5,5	3,57	74	2,6			7,17	3	2,39	41
Niger	80		4	1,7	0,8	4	5,71	53	4,7	5,57		22,48	6	3,75	23
Sudan	70	y	0			7	1,43	84	1,6			3,03	3	1,01	48
Chad	51		1	3,8		5,5	3,57	67	3,3	5,59		17,26	5	3,45	27
Burkina Faso	50		2			4	5,71	39	6,1			13,81	3	4,60	8
Nigeria	50		4	3,8	2,43	4,5	5,00	53	4,7	5,58	1,6	27,11	7	3,87	19
Ethiopia	47,5		3			5	4,29	64	3,6		3,5	14,39	4	3,60	24
Ivory Coast	37,5		6	3,8	4,33	4,5	5,00	68	3,2	5,94	2,7	30,97	7	4,42	11
Somalia	na	na				6,5	2,14	80	2			4,14	2	2,07	43
<i>Average</i>	<i>80,26</i>		<i>2,21</i>	<i>4,61</i>	<i>2,49</i>	<i>4,93</i>	<i>4,39</i>	<i>62,15</i>	<i>3,79</i>	<i>5,89</i>	<i>3,26</i>	<i>16,87</i>	<i>4,45</i>	<i>3,53</i>	<i>24,40</i>
<u>Europe/Near East</u>															
Turkey	100		8	3,8		3,5	6,43	55	4,5	5,34	3,2	31,27	6	5,21	4
Iran	99	y	4	7,9		6	2,86	76	2,4	5,73		22,89	5	4,58	9
Iraq	97	y	0			7	1,43	95	0,5			1,93	3	0,64	51
Jordan	92		2	5,8	2	5,5	3,57	65	3,5	6,85	4,5	28,22	7	4,03	17
Syria	90	y	0	7,9		7	1,43	80	2	5,18		16,51	5	3,30	29
Lebanon	70	na				5,5	3,57	71	2,9			6,47	2	3,24	31
Albania	70		6	1,7		3	7,14	50	5		2,5	22,34	5	4,47	10
Bosnia-H.	40	na				4	5,71	49	5,1			10,81	2	5,41	3
<i>Average</i>	<i>82,25</i>		<i>3,33</i>	<i>5,42</i>	<i>2,00</i>	<i>5,19</i>	<i>4,02</i>	<i>67,63</i>	<i>3,24</i>	<i>5,78</i>	<i>3,40</i>	<i>17,56</i>	<i>4,38</i>	<i>3,86</i>	<i>19,25</i>
<u>Arab Peninsula</u>															
Saudi Arab.	100		0			7	1,43	80	2			3,43	3	1,14	47
Bahrain	100	y	0	7,9		5	4,29	68	3,2			15,39	4	3,85	21
UAE	96	y	0	5,8		5,5	3,57	74	2,6	7,54		19,51	5	3,90	18
Qatar	95	y	0			6	2,86	61	3,9			6,76	3	2,25	42
Kuwait	85	y	0	7,9		4,5	5,00	54	4,6	6,9		24,40	5	4,88	5
Yemen	?		1			4	5,5	3,57	69	3,1		11,67	4	2,92	34

Oman	?	y	0	7,9		5,5	3,57	73	2,7	7,37		21,54	5	4,31	12
Average	95,2		0,14	7,38	4,00	5,57	3,47	68,43	3,16	7,27		14,67	4,14	3,32	25,57

Ex SU

Azerbaijan	93		0			5,5	3,57	73	2,7			2	8,27	4	2,07	44
Tajikistan	90		2			5,5	3,57	76	2,4			7,97	3	2,66	37	
Turkmenistan	89		0			7	1,43	92	0,8			2,23	3	0,74	50	
Uzbekistan	88		0			6,5	2,14	86	1,4			2,9	6,44	4	1,61	46
Kyrgyzstan	75		1			5,5	3,57	71	2,9			7,47	3	2,49	39	
Kazakhstan	47		1			5,5	3,57	73	2,7			2,3	9,57	4	2,39	40
Average	80,33		0,67			5,92	2,98	78,50	2,15			2,40	6,99	3,50	1,99	42,67

Asia

Afghanistan	99	na				6	2,86	74	2,6			5,46	2	2,73	35
Pakistan	97	y	0	3,8	5,25	5,5	3,57	58	4,2	5,38	2,6	24,80	7	3,54	25
Indonesia	88		8	1,7		3,5	6,43	56	4,4	5,57	1,9	28,00	6	4,67	7
Bangladesh	83		6	3,8	4,29	4	5,71	65	3,5	5,59	1,2	30,09	7	4,30	14
Brunei	67	Y				5,5	3,57	76	2,4			5,97	2	2,99	33
Malaysia	?		4	3,8	2,7	5	4,29	71	2,9	6,38	4,9	28,97	7	4,14	16
Average	86,8		4,50	3,28	4,08	4,92	4,40	66,67	3,33	5,73	2,65	20,55	5,17	3,73	21,67

Germany			10	10	8	1	10,00	15	8,5	7,32	7,3	61,12	7	8,73
The U.S.					5,92	1	10,00	17	8,3	8,29	7,7	40,21	5	8,04
Sweden			10	10	7	1	10,00	8	9,2	7,15	9,3	62,65	7	8,95

Latin America

Bolivia	0		9	7,9	5,60	2,5	7,86	30	7,0	8,3	2,2	47,86	7	6,84
Brazil	0		8	1,7	4,94	2,5	7,86	38	6,2	5,1	4,0	37,80	7	5,40
Guatemala	0		8	1,7	5,29	4,0	5,71	58	4,2	6,7	2,5	34,10	7	4,87
Honduras	0		7	1,7	na	na	na	51	4,9	6,6	2,7	22,90	5	4,58
Peru	0		9	3,8	1,60	2,5	7,86	35	6,5	7,6	4,0	40,36	7	5,77
Average	0		8,2	3,36	4,36	2,88	7,32	42,4	5,76	6,86	3,08	36,60	6,6	5,49

Appendix:

	Islam Should Play Large Role		Religious Leaders Should Play Larger Role		Religion Separate from Government		Women Work Outside Home		OVERALL RANK							
	Small Large	Diff.	Small Large	Diff.	Agree	Disagree	Agree	Disagree								
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank								
Ivory Coast	46	54	-8	4	40	59	-19	5	94	6	88	1	90	9	81	4
Mali	29	70	-41	7	33	64	-31	6	88	11	77	4	79	20	59	7
Nigeria	33	61	-28	6	8	91	-83	11	86	13	73	5	74	25	49	8
Senegal	56	42	14	1	64	36	28	1	80	20	60	6	92	8	84	2
Bangladesh	21	74	-53	9	14	76	-62	10	71	22	49	8	69	27	42	9
Indonesia	17	82	-65	10	48	51	-3	4	73	28	45	9	81	19	62	6
Jordan	25	73	-48	8	23	77	-54	9	53	47	6	11	57	38	19	11
Lebanon	40	49	-9	5	23	72	-49	8	90	9	81	2	91	8	83	3
Pakistan	3	86	-83	11	17	63	-46	7	53	26	27	10	60	36	24	10
Turkey	45	41	4	3	50	40	10	3	88	7	81	2	85	11	74	5
Uzbekistan	53	41	12	2	52	40	12	2	78	21	57	7	94	6	88	1

Constitutional Democracy

	Democracy can work here?		Honest Important?		Elections Government criticized		Media W/out Censorship						
	Can work	Western way	Yes	No	Imp.	Non Imp	Imp.	Non-Imp					
	Rank	Diff.	Rank	Diff.	Rank	Rank	Rank	Rank					
Ivory Coast	89	11	78	2	96	3	93	1	85	15	70	6	10
Mali	76	21	55	5	97	3	94	1	88	10	78	3	11
Nigeria	79	17	62	4	92	8	84	7	89	10	79	1	7
Senegal	88	9	79	1	98	1	97	5	81	18	63	9	9
Bangladesh	57	12	45	7	87	5	82	3	81	2	79	1	7
Indonesia	64	25	39	8	77	21	56	7	83	16	67	7	3
Jordan	63	34	29	9	65	34	31	11	63	36	27	11	1
Lebanon	75	23	52	6	94	5	89	6	86	13	73	5	6
Pakistan	44	15	29	9	71	8	63	9	59	12	47	10	2
Turkey	43	43	0	11	90	4	86	3	84	9	75	4	5
Uzbekistan	81	14	67	3	77	18	59	10	80	16	64	8	4

Market Economy

Survey Resonances	Free Market Economy			Success in life			Freedom vs. nobody in need			Close large inefficient factory						
	Agree	Disagree	Diff.	Rank	Disagree	Agree	Diff.	Rank	Freedom	No need	Diff.	Rank	Yes	No	Diff.	Rank
Ivory Coast	79	20	59	3	48	52	-4	1	51	49	2	5	45	55	-10	1
Mali	66	24	42	4	24	71	-47	10	42	57	-15	7	29	68	-39	10
Nigeria	80	15	65	1	32	64	-32	8	61	36	25	2	33	63	-30	9
Senegal	57	41	16	9	39	59	-20	6	41	59	-18	8	43	56	-13	3
Bangladesh	32	17	15	10	9	60	-51	11	32	63	-31	11	32	56	-24	6
Indonesia	54	39	15	10	46	52	-6	2	38	61	-23	9	33	62	-29	8
Egypt	52	20	32	5	42	48	-6	2	-	-	-	-	34	59	-25	7
Jordan	47	53	-6	12	39	61	-22	7	35	63	-28	10	27	72	-45	11
Lebanon	76	15	61	2	42	54	-12	4	52	47	5	4	42	53	-11	2
Pakistan	50	22	28	7	16	59	-43	9	61	24	37	1	28	48	-20	5
Turkey	60	30	30	6	17	76	-59	12	52	39	13	3	22	70	-48	12
Uzbekistan	62	37	25	8	36	54	-18	5	49	49	0	6	40	55	-15	4

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