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Nathan B. Oman: The Arab world needs a free market as much as democracy

By Nathan B. Oman

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The last few months have seen the toppling of autocratic regimes in Egypt and Tunisia, street protests across the Middle East from Morocco to Bahrain and what amounts to a civil war in Libya between strongman Moammar Gadhafi and anti-government protesters-turned-insurgents. Lost amidst American hopes and anxieties about democracy and Islamic fundamentalism is one of the key issues in the Arab awakening: free markets.

Tunisia's Jasmine Revolution began on Dec. 17, 2010, when a young man named Mohammed Bouazizi doused his body with gasoline and struck a match. Surprisingly, Bouazizi's desperate protest was not directed at his society's lack of democratic elections, the government's routine imprisonment of political dissidents or the impunity with which security forces could torture suspects.

Rather, Bouazizi's desperation was born of his grinding struggle against the mindless economic harassment of the Tunisian state. A fruit seller, Bouazizi made \$5 to \$7 a day but routinely had paid more than that to bribe officials just to be allowed to ply his trade without the permit that those same officials refused to issue. In December, the crushing weight of petty economic tyranny proved too much. His fruit cart destroyed for lack of a license and any avenue of redress blocked by a corrupt bureaucracy, Bouazizi took his own life.

Western observers are right to castigate political repression in the Arab world. What is often forgotten, however, is the appalling level of economic repression under which ordinary Arabs suffer. For example, in 2009 Transparency International, a Berlin-based corruption monitor, ranked Libya 130th out of 180 countries world wide, marking it as one of the most corrupt societies on earth. At 111, Egypt trailed close behind. Tunisia scored better, but as Bouazizi's story illustrates, public dishonesty remains rampant.

Even if they were fairly enforced, the economic regulations in these countries are grotesque. The Heritage Foundation ranks 179 countries in terms of economic freedom. In first place is Hong Kong and in last place is North Korea. Libya, Tunisia, and Egypt come it at 173rd, 100th and 96th respectively. Small-time entrepreneurs like Bouazizi must struggle with poor property rights, inefficient courts, rigid labor regulations and the omnipresent harassment of petty permit and licensing laws.

Later this year, open elections will be held in Tunisia and Egypt for the first time in decades. Rebels in Libya may yet topple Gadhafi's regime. Democracy alone, however, will not eliminate the economic repression that in large part sparked these revolutions. India, despite its occasional problems, is the world's largest democracy, but for decades the statist ideology of the dominant Congress Party maintained the so-called "license Raj," a Byzantine system of petty regulations that made economic life hell for generations of ordinary Indians. The same thing could happen in a democratized Egypt or Tunisia.

With recession and financial crisis, free markets and deregulation have fallen out of fashion among many Western policy elites. They once more see the state as the benign guardian of prosperity. It is worth remembering, however, that in the Arab world poverty is endemic, the state dominates the

economy and young men light themselves on fire from the despair of not being allowed to sell their neighbors a piece of fruit.

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