

**Oil Curse or Islamic Constitutions?**  
**Re-examining democracy deficit in Muslim-majority countries**

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# Oil and Democracy

- Hundreds of studies provide evidence that one type of resource wealth-oil-tend to produce a “political resource curse” (Ross, 2008; 2012; Ulfelder, 2007).
- According to Ross (2015), more oil-dependency means more:
  - Durable authoritarian rulers and regimes.
  - Government corruption.
  - Civil conflicts.
  - Gender inequality.
- Wantchekon (2002) finds that, “a one percent increase in resource dependence as measured by the ratio of primary exports to GDP leads to **nearly an eight percent increase in the probability of authoritarianism.**”
- “..explains the lack of democracy in Muslim-majority countries” (Aslaksen, 2010)

# Islam and Democracy

- Numerous studies argue that Islam, and not oil, is behind the democracy deficit in Muslim-majority countries (Fish, 2002; Potrafke, 2012; 2013).
- Many theorize that Islam is inherently incompatible with democracy (Huntington, 1996; Lewis, 1993; Fukuyama, 1992).
  - “The idea of representation, of elections, of popular suffrage, of political institutions being regulated by laws laid down by a parliamentary assembly, of these laws being guarded and upheld by an independent judiciary, the ideas of the secularity of state ... **all these are profoundly alien to the Muslim political tradition**” (Kedourie, 1994, p. 6)
  - “Certainly, the Koranic model of leadership is authoritarian” (Zakaria, 2004, p. 4).
- Using more rigorous methodology, a considerable body of empirical studies finds that even when other variables are controlled for, **a statistically significant negative relationship between Islam and democracy still holds** (Barro, 1999; Rowley & Smith, 2009; Hanusch, 2013).

# How is Islam (wrongly) measured?

- Most of the relevant empirical studies suffer from a fundamental flaw; proportion of Muslim population in a given society is often used as an appropriate measure for Islam, ignoring the fact that **religiosity among Muslim population significantly varies in time and place.**
  - Nigerian Muslims, comprising around 50% of population, are significantly more observant to Islam than Turkish Muslims, representing around 98% of population (PEW Research Center, 2008).
  - Sunni or Shiite? Which school of jurisprudence?
- Interestingly, many PEW and Gallup surveys show **significant support for democratic values among Muslim population.**
  - Using 1995-2001 World Values Survey data, Kim (2005) finds that “Muslims and members from other religions give about the same support for democratic ideals and leadership.”
- **Bottom Line: Empirical studies focus mainly on Muslims, and not on Islam per se.**

# Islam and Democracy: An Institutional perspective

- According to North (1990), “Institutions are the rules of the game in a society ... (they) structure incentives in human exchange, whether political, social or economic” (p.1).
- While **formal institutions** include **written constitution**, laws, policies, and regulations enforced by official authorities, **informal institutions** are (the often unwritten) social norms, values, customs or traditions that shape thought and behavior (Leftwich & Sen, 2010; Berman, 2013).
- **Religious belief is usually considered an informal institution** (Pejovich, 1999; Dobler, 2009; Domjahn, 2012).
- Yet, **religious provisions in constitutions are considered formal institutions**, as religion is coded and administrated under constitutional authority (Gouda, 2013; Gouda and Gutmann, forthcoming).

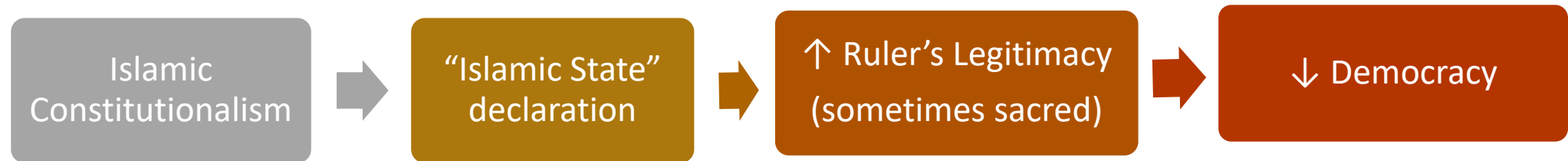
# This Study

- We examine the effect of formal institutions, i.e. constitutional provisions, on democracy in societies with a significant share of Muslims.
- We hypothesize that, regardless of oil wealth, countries in which Islam is entrenched in the constitution tends to have weaker democratic institutions than otherwise comparable countries.
- By considering Islam as a formal institution, we propose two hypotheses:
  - H1a: Prescribing Islamic law (*Sharia*) as a **source** of legislation in the constitution negatively affects democracy in a given society.
  - H1b: Granting Islamic law a higher level of **supremacy** in the constitution negatively affects democracy in a given society.
- While various Islamic provisions exists in constitutions, we believe that the “Source” and “Supremacy” provisions are the most important since they give Islam a superior role in shaping legislation in a given state.

# Contribution

- Islam as a formal Institution.
  - Empirical research on Islam and democracy tends to prioritize informal institutions, as demonstrated by religious Muslim population in a given society.
  - In practice, formal and informal rules and norms could be complementary, competing or overlapping (Jütting, Drechsler, Bartsch, & de Soysa, 2007).
- Constitutions matter!
  - Many studies theorize that constitutions matter in shaping prevailing institutions (Brennan & Buchanan, 1981; North & Weingast, 1989).
  - Our study is the first to empirically use two Islamic constitutional provisions (ISL & SI) as main independent variables to explain democracy deficit.

# Argument





# Empirical Model

- Dependent variable :
  - **Democracy:** Dummy variable =1 if executive and legislative offices are filled through contested elections and zero otherwise, as developed by Cheibub et al. (2010) and updated by Bjørnskov and Rode (2019).
- Main explanatory variables:
  - **Source:** Dummy variable =1 if the constitution identifies **Islam as a source of legislation**. Source: Ahmed and Gouda (2015)
  - **Supremacy:** A three-point scale (from zero to two), where high values reflect a higher level of **supremacy of Islamic law**. Source: Ahmed and Gouda (2015)
  - **Rents per capita:** Total oil and gas rents divided by population (in constant 2014 \$), Logarithm. Source: Ross & Mahdavi (2015).

# Empirical Model

- Control variables:
  - Income per capita
  - Socialist legal origin
  - KOF Globalization Index
  - Share of Muslim population
- 160 countries, 1990-2014 → N=3827
- Regional dummies (5 regions), year dummies
- Standard errors are clustered at the country level.

# Variables List

Variable	Description and data source
<b>Democracy</b>	Dummy variable =1 if executive and legislative offices are filled through contested elections and zero otherwise, as developed by Cheibub et al. (2010). Source: Bjørnskov and Rode (2019)
<b>Polity2</b>	Level of democracy Polity2. Source Marshall et al. (2018)
<b>SVMDI</b>	Support Vector Machines Democracy Index (SVMDI). Source: Grunedler and Krieger (2016, 2018)
<b>Source</b>	Dummy variable =1 if the constitution identifies Islam as a source of legislation, and zero otherwise. Source: Ahmed and Gouda (2015).
<b>Supremacy</b>	A three-point scale (from zero to two), where high values reflect a higher level of supremacy of Islamic law. Supremacy = 0 when Islam is not the source of legislation. Source: Ahmed and Gouda (2015).
<b>Rents per capita</b>	Total oil and gas rents divided by population and measured in constant 2014 dollars, Logarithm. Source: Ross and Mahdavi (2015).
<b>Rents (% GDP)</b>	Share of total natural resource rents in GDP. Source: World Development Indicators
<b>Distance</b>	Distance from Mecca, logarithm, own calculation.
<b>Conquest</b>	Arab conquest. Source: Chaney (2012).
<b>Income per capita</b>	Income per capita, logarithm. Source: World Development Indicators.
<b>Socialist legal origin</b>	Socialist legal origin, source: La Porta et al. (1999).
<b>Globalization</b>	KOF Globalisation Index, source: Gygli et al. (2018).
<b>Share Muslim</b>	Muslim population share, source: ARDA's Religious Characteristics of States Dataset.
<b>Muslim Majority</b>	Dummy Variable =1 if Muslim population share larger than 50%, own calculation

# Descriptive statistics

	Full sample				Treated sample			
	mean	sd	min	max	mean	sd	min	max
<b>Democracy</b>	<b>0.57</b>	0.49	0	1	<b>0.06</b>	0.24	0	1
<b>Polity2</b>	<b>0.67</b>	0.32	0	1	<b>0.23</b>	0.23	0	0.95
<b>SVMDI</b>	<b>0.66</b>	0.37	0	1	<b>0.19</b>	0.27	0	0.94
<b>Supremacy</b>	0.15	0.51	0	2	1.80	0.40	1	2
<b>Source</b>	0.08	0.28	0	1	1.00	0.00	1	1
<b>Distance</b>	1.55	0.69	-0.38	2.75	0.48	0.58	-0.24	1.76
<b>Conquest</b>	0.15	0.34	0	1.00	0.80	0.38	0	1.00
<b>Rents per capita</b>	<b>2.93</b>	3.07	0	10.94	<b>6.32</b>	3.46	0	10.94
<b>Rents (% GDP)</b>	<b>8.63</b>	12.32	0	82.59	<b>22.21</b>	15.85	0	64.11
<b>Income per capita</b>	7.88	1.64	4.17	11.54	8.28	1.61	5.55	11.39
<b>Socialist legal origin</b>	0.19	0.40	0	1	0	0	0	0
<b>Globalization</b>	55.69	16.02	19.45	90.67	51.63	11.64	27.31	74.21
<b>Share Muslim</b>	<b>0.26</b>	0.36	0	1.00	<b>0.87</b>	0.14	0.56	1.00
<b>Muslim Majority</b>	<b>0.26</b>	0.44	0	1	<b>1</b>	0	1	1
<b>N (countries)</b>	3827(160)				321 (16)			

# Effect of Islamic constitutions and rents p.c., OLS

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Source</b>	<b>-0.299***</b> (0.076)	<b>-0.242**</b> (0.088)	<b>-0.248**</b> (0.089)			
<b>Supremacy</b>				<b>-0.174***</b> (0.033)	<b>-0.145***</b> (0.040)	<b>-0.148***</b> (0.040)
<b>Rents per capita</b>	<b>-0.023*</b> (0.009)	<b>-0.021*</b> (0.009)	<b>-0.021*</b> (0.009)	<b>-0.022*</b> (0.009)	<b>-0.020*</b> (0.009)	<b>-0.020*</b> (0.009)
<b>Income per capita</b>	-0.017 (0.034)	-0.024 (0.032)	-0.023 (0.033)	-0.015 (0.034)	-0.022 (0.032)	-0.021 (0.033)
<b>Socialist legal origin</b>	-0.209* (0.089)	-0.216* (0.086)	-0.211* (0.087)	-0.214* (0.089)	-0.221* (0.086)	-0.217* (0.087)
<b>Globalization</b>	0.007* (0.003)	0.007* (0.003)	0.007* (0.003)	0.006* (0.003)	0.007* (0.003)	0.007* (0.003)
<b>Share Muslim</b>		-0.122 (0.100)			-0.121 (0.099)	
<b>Majority Muslim</b>			-0.089 (0.083)			-0.088 (0.082)
<b>Constant</b>	0.113 (0.173)	0.184 (0.173)	0.160 (0.172)	0.105 (0.172)	0.177 (0.172)	0.153 (0.171)
Observations	3,827	3,827	3,827	3,827	3,827	3,827
Countries	160	160	160	160	160	160

Notes: All regressions are estimated by OLS. All models include region- and year-fixed effects; country-clustered standard errors are shown in parentheses: \*0.05, \*\*0.01 and \*\*\*0.001.

# Addressing endogeneity

- BUT: What if lack of democracy leads to Islamic constitutions and not the other way round?
- To tackle endogeneity concerns, we additionally use **an instrumental variable approach (IV)**.
  - We rely on two instrumental variables as exogenous predictors of the Islamization of a country's legal system, following Gouda and Gutmann (forthcoming):
    - I. Distance of a country's capital from Mecca (log)
    - II. A measure of Arab conquest by Chaney (2012).
- Our instrumental variable strategy is inspired by a strand of economic literature that uses exogenous geographic traits and historical events to explain modern-day institutional design (e.g., Acemoglu et al. 2001; Nunn and Puga 2012).

# Effect of Islamic constitutions and rents p.c., 2SLS

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Source of legislation</b>	<b>-0.724**</b> <b>(0.233)</b>	<b>-0.764*</b> <b>(0.336)</b>	<b>-0.748*</b> <b>(0.301)</b>			
<b>Supremacy</b>				<b>-0.393**</b> <b>(0.124)</b>	<b>-0.401*</b> <b>(0.163)</b>	<b>-0.399**</b> <b>(0.151)</b>
<b>Rents per capita</b>	<b>-0.012</b> <b>(0.011)</b>	<b>-0.013</b> <b>(0.011)</b>	<b>-0.013</b> <b>(0.011)</b>	<b>-0.011</b> <b>(0.011)</b>	<b>-0.011</b> <b>(0.012)</b>	<b>-0.012</b> <b>(0.011)</b>
Income per capita	0.001 (0.039)	0.005 (0.043)	0.004 (0.042)	0.003 (0.038)	0.005 (0.041)	0.005 (0.040)
Socialist legal origin	-0.286** (0.089)	-0.286** (0.093)	-0.285** (0.093)	-0.290*** (0.088)	-0.290** (0.091)	-0.289** (0.091)
Globalization	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)	0.004 (0.004)
Share Muslim		0.049 (0.149)			0.020 (0.126)	
Majority Muslim			0.037 (0.107)			0.020 (0.095)
Constant	0.106 (0.170)	0.077 (0.190)	0.086 (0.178)	0.089 (0.171)	0.077 (0.186)	0.078 (0.178)
Observations	3,827	3,827	3,827	3,827	3,827	3,827
Countries	160	160	160	160	160	160

Notes: All regressions are estimated by 2SLS instrumental variable regressions. Excludable instruments: (i) log-distance to Mecca, (ii) an indicator for Arab conquest. All models include region- and year-fixed effects; country-clustered standard errors are shown in parentheses: \*0.05, \*\*0.01 and \*\*\*0.001.

# Effect of Islamic constitutions and rents p.c., Probit, Marginal Effects

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Source</b>	<b>-0.260**</b> <b>(0.099)</b>	<b>-0.211*</b> <b>(0.105)</b>	<b>-0.220*</b> <b>(0.106)</b>			
<b>Supremacy</b>				<b>-0.172***</b> <b>(0.044)</b>	<b>-0.145**</b> <b>(0.047)</b>	<b>-0.151**</b> <b>(0.047)</b>
<b>Rents per capita</b>	<b>-0.024**</b> <b>(0.009)</b>	<b>-0.021*</b> <b>(0.009)</b>	<b>-0.022*</b> <b>(0.010)</b>	<b>-0.022*</b> <b>(0.009)</b>	<b>-0.020*</b> <b>(0.009)</b>	<b>-0.020*</b> <b>(0.009)</b>
Income per capita	-0.005 (0.029)	-0.013 (0.028)	-0.012 (0.028)	-0.003 (0.029)	-0.011 (0.028)	-0.009 (0.028)
Socialist legal origin	-0.236** (0.085)	-0.249** (0.082)	0.244** (0.082)	-0.241** (0.084)	-0.254** (0.081)	-0.249** (0.081)
Globalization	0.006* (0.003)	0.006* (0.003)	0.006* (0.003)	0.005* (0.003)	0.006* (0.003)	0.006* (0.003)
Share Muslim		-0.094 (0.073)			-0.090 (0.072)	
Majority Muslim			-0.065 (0.060)			-0.062 (0.059)
Observations	3,827	3,827	3,827	3,827	3,827	3,827
Countries	160	160	160	160	160	160

Notes: All regressions are estimated by Probit and include region- and year-fixed effects; country-clustered standard errors are shown in parentheses. Table shows marginal effects. \*0.05, \*\*0.01 and \*\*\*0.001.



# Conclusion

- *Sharia* as a source of legislation and its level of constitutional supremacy are linked to the democracy deficit in Muslim-majority countries.
- No direct effect of Muslim population on authoritarianism, when Islamic constitutions are considered.
- No robust negative impact of natural resource rents on democracy!
- Results are robust to alternative measures of democracy (Polity2, Support Vector Machines Democracy Index SVMDI) and alternative measures of natural resource rents.

Thank you

# Measuring Islamic Constitutionalism

- Following Ahmed & Gouda (2015) and based on Comparative Constitutions Project-data (Elkins et al. 2009).

Variable	Format	Transformation?
Islam is source of legislation	binary dummy (0/1)	No
Level of supremacy of Islamic law	<p><u>Regarding Islam:</u> Islam/Islamic law/sharia=2 points "Principles" of Islam/Islamic law/sharia= 1 points</p> <p><u>Regarding Law:</u> "A" source of law= 1 points "A" primary or basic or foundational source of law=2 points "THE" source (or the only source)=3 points</p> <p><u>Examples:</u> "Islamic law is the source of all legislation" Score:2+3=5 "The principles of Islam is the source of all legislation" Score: 1+3=4 "The principles of Islam is a source of legislation" Score: 1+1=2</p>	<ul style="list-style-type: none"> <li>- Limited variation across the scale's full range (zero to five), we recode the indicator: <ul style="list-style-type: none"> <li>- <b>Supremacy=0</b> (if Islamic law is not a source of legislation).</li> <li>- <b>Supremacy=1</b> (if the original score was 1, 2 or 3)</li> <li>- <b>Supremacy=2</b> (if the original score was 4 or 5)</li> </ul> </li> </ul>

# Measuring Islamic Constitutionalism

- Following Ahmed & Gouda (2015) and based on Comparative Constitutions Project-data (Elkins et al. 2009):

Islam source of legislation: coded in binary format (Yes=1; No=0),

Supremacy of Islam:

- Islam/Islamic law/sharia=2 points
- "Principles" of Islam/Islamic law/sharia= 1 points

Regarding Law:

- "A" source of law or if there is no other law governing a matter than Islamic law=1 points
- "A" primary or basic or foundational source of law=2 points
- "THE" source (or the only source)=3 points

Examples:

- *"Islamic law is the source of all legislation" Score: 2+3=5*
- *"The principles of Islam is the source of all legislation" Score: 1+3=4*
- *"The principles of Islam are the major/primary source of all legislation" Score: 1+2=3*
- *"Islamic sharia is a major source of legislation" Score: 2+2=4*

# Effect of Islamic constitutions and rents p.c., Probit

	(1)	(2)	(3)	(4)	(5)	(6)
<b>Source</b>	<b>-1.165<sup>*</sup></b> <b>(0.463)</b>	<b>-0.949</b> <b>(0.490)</b>	<b>-0.992<sup>*</sup></b> <b>(0.490)</b>			
<b>Supremacy</b>				<b>-0.776<sup>***</sup></b> <b>(0.202)</b>	<b>-0.661<sup>**</sup></b> <b>(0.218)</b>	<b>-0.684<sup>**</sup></b> <b>(0.218)</b>
<b>Rents per capita</b>	<b>-0.107<sup>*</sup></b> <b>(0.043)</b>	<b>-0.097<sup>*</sup></b> <b>(0.044)</b>	<b>-0.097<sup>*</sup></b> <b>(0.044)</b>	<b>-0.101<sup>*</sup></b> <b>(0.042)</b>	<b>-0.091<sup>*</sup></b> <b>(0.043)</b>	<b>-0.091<sup>*</sup></b> <b>(0.043)</b>
<b>Income per capita</b>	-0.023 (0.129)	-0.061 (0.125)	-0.054 (0.127)	-0.013 (0.130)	-0.049 (0.126)	-0.043 (0.128)
<b>Socialist legal origin</b>	-1.056 <sup>**</sup> (0.408)	-1.123 <sup>**</sup> (0.396)	-1.101 <sup>**</sup> (0.396)	-1.088 <sup>**</sup> (0.407)	-1.154 <sup>**</sup> (0.394)	-1.132 <sup>**</sup> (0.395)
<b>Globalization</b>	0.025 <sup>*</sup> (0.012)	0.027 <sup>*</sup> (0.011)	0.027 <sup>*</sup> (0.012)	0.024 <sup>*</sup> (0.012)	0.026 <sup>*</sup> (0.011)	0.026 <sup>*</sup> (0.012)
<b>Share Muslim</b>		-0.424 (0.330)			-0.409 (0.328)	
<b>Majority Muslim</b>			-0.292 (0.271)			-0.282 (0.270)
<b>Constant</b>	-1.533 <sup>*</sup> (0.650)	-1.255 (0.663)	-1.347 <sup>*</sup> (0.658)	-1.578 <sup>*</sup> (0.657)	-1.310 <sup>*</sup> (0.668)	-1.396 <sup>*</sup> (0.663)
<b>Observations</b>	3,827	3,827	3,827	3,827	3,827	3,827
<b>Countries</b>	160	160	160	160	160	160

Notes: All regressions are estimated by Probit and include region- and year-fixed effects; country-clustered standard errors are shown in parentheses: \*0.05, \*\*0.01 and \*\*\*0.001.