

The Map that Predicted the Terrorist Attacks

By Mark Skousen
President, FEE

Take a close look at the chart in the next column and the world map on the next page. They reveal a story that will forever change the way you view the world, especially after September 11, 2001, and how YOU can help fight the war against terrorism.

The chart shows an amazing connection between economic freedom and income. As you can see, the more freedom a nation enjoys, the higher its standard of living, as measured by per capita income in purchasing power terms. The chart conveys two simple messages.

Message #1: Economic Freedom Leads to Prosperity

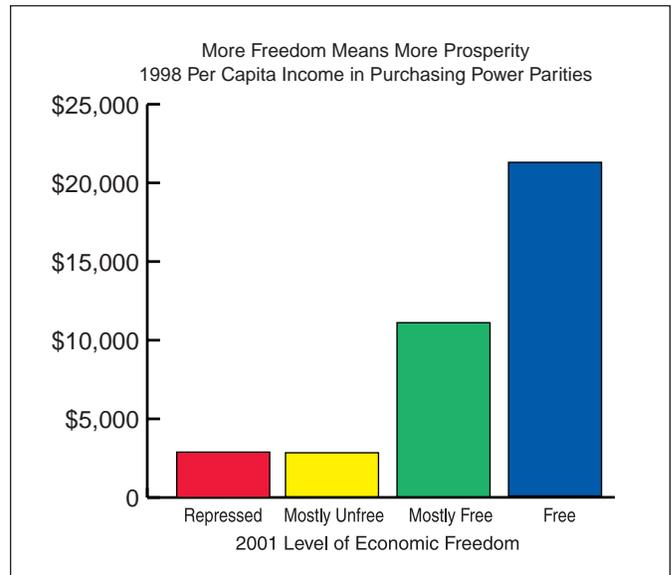
Despite the good intentions of those who support government intervention, regulated economies, and redistribution of wealth, the free market is the surest way to provide the highest standards of living for all people.

Message #2: Free Markets Lead to Peace

Free markets mean more than higher income. They also lead to international security. Look at the “world map of economic freedom” on page 2. This map, published prior to the terrorist attacks on September 11, 2001,¹ reveals with unmistakable clarity why Islamic extremists killed over 2,500 people in New York and Washington, and more importantly, it shows how we can prevent terrorism in the future.

Each nation is scored and ranked according to its degree of economic freedom, based on ten factors,

Economic Freedom and Per Capita Income

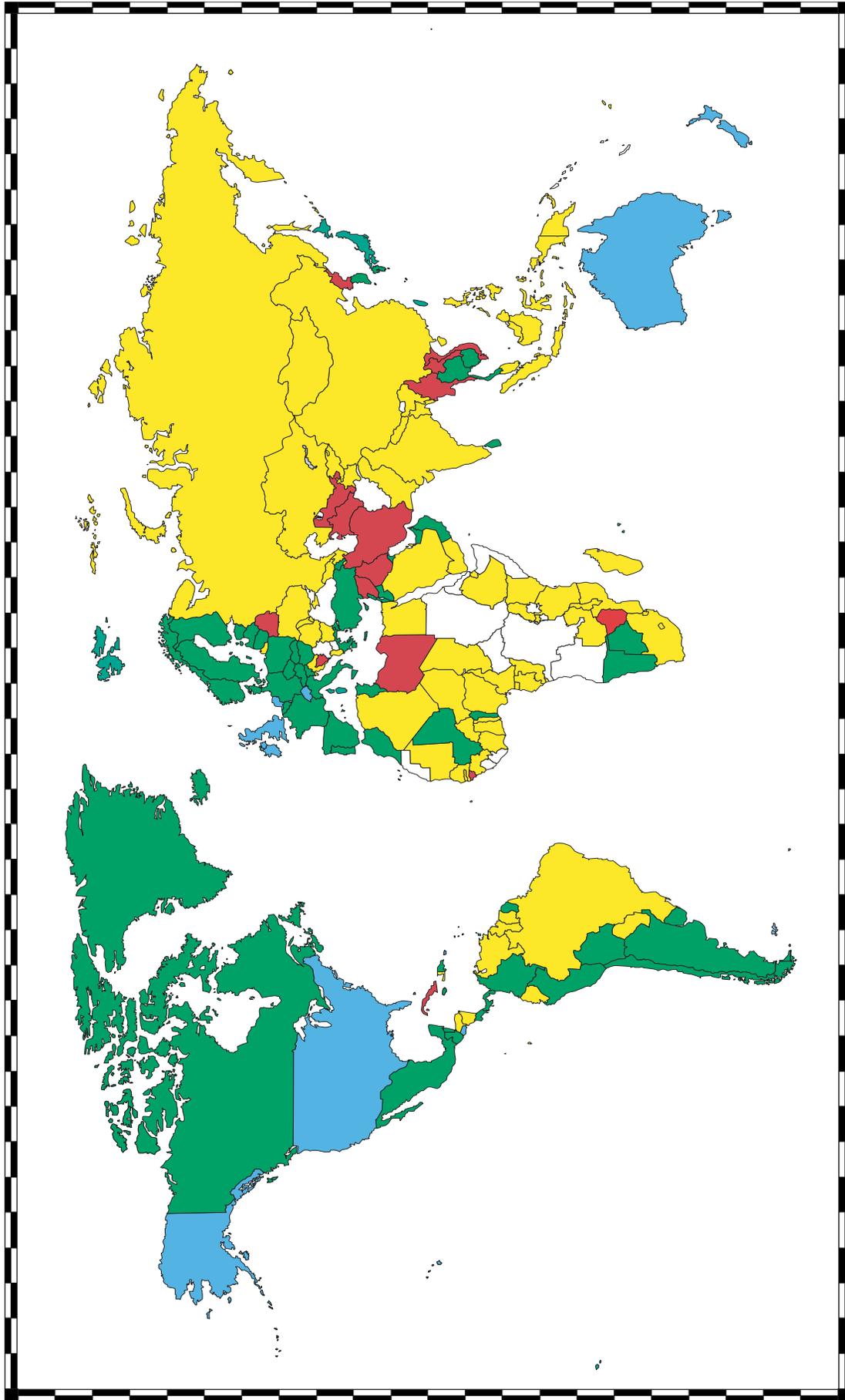


Source: The World Bank, 2000 World Development Indicators.

such as level of taxation, trade restrictions, labor regulations, inflation, property rights, and government intervention in the economy. Each country is denoted by color, from blue to red, similar to the bar chart. Countries colored blue are ranked “free.” Countries colored green are considered “mostly free.” Nations colored yellow are labeled “mostly unfree.” And nations colored red are ranked “repressed.”

¹This map appears in a book titled *2001 Index of Economic Freedom*, published jointly by the Heritage Foundation and the *Wall Street Journal*. The book is updated yearly.

World Map of Economic Freedom



Courtesy: The Heritage Foundation

This unique world map is an eye-opener. Note the following:

- **First, only a few countries are “free.”** Only a dozen countries around the world are colored blue, including the United States, Ireland, Britain, Switzerland, Australia, New Zealand, and Hong Kong. True freedom is a rare and delicate flower.

- **Second, Canada, Latin America, and Europe are “mostly free.”** Some Americans may be surprised to see Canada listed as “mostly free.” But Canadians are not surprised—they know that Canada has a much bigger welfare state than the United States. The same holds true for Europe. Despite efforts to create a “United States” of Europe (the European Union), Europe remains a highly regulated welfare state.

- **Third, nations in the Third World are “mostly unfree.”** Countries painted yellow include Russia, China, India, Brazil, and most of Africa. In fact, of the 155 nations surveyed, over half (81) received a negative grade (“yellow” or “red”).

Look Where the Red Is!

The biggest shock is this: nearly all the red is located in the Middle East. The connection is clear: terrorism and poverty go hand in hand with repressed freedom. Despite an abundance of oil reserves, most Arabs live in shockingly deep poverty, governed by leaders who oppress their people economically. The region has been crippled by constant war, corruption, inflation, black markets, protectionism, and government intervention on a grand scale. Most of the Middle East continues to suffer from economic depression, political turmoil, and military conflict. And, as we have seen, countries there are also steeped in terrorism.

Henry Hazlitt, a FEE founding trustee and author of *Economics in One Lesson*, summed it up well: “It is socialist governments, notwithstanding their denunciations of imperialist capitalism, that have been the greatest source of modern wars.”

The Most Important Lesson in the War on Terrorism

What is the most important lesson we can learn from this map? Simply this: **Economic repression breeds fanaticism and terrorism.** It is not surprising that the Middle East is a major source of radicalism today. A closed society breeds intolerance and fanaticism. Interestingly, most of the Middle East is also famous for its lack of political democracy and religious tolerance. Most are ruled by dictators or

kings. Religious proselyting is prohibited in Arab nations and even in Israel.

How to Permanently Win the War Against Terrorism

But there is another important lesson to learn from this map. **Liberalized trade and open markets break down cultural and social monotheism and destroy fanaticism and intolerance.** Adam Smith, the Scottish economist and founder of market capitalism, and Charles Montesquieu, the great French philosopher, taught this vital doctrine. “Commerce cures destructive prejudices,” Montesquieu wrote in *The Spirit of the Laws*. “It polishes and softens barbarous mores. . . . The natural effect of commerce is to lead to peace.” Adam Smith added that the commercial society moderates the passions and prevents a descent into a Hobbesian jungle of greed and hate.

Business encourages people to become educated, industrious, and self-disciplined. Commerce encourages trade, travel, and exchange among nations and cultures. Business people are the ultimate in practicality—by nature open-minded and tolerant of other viewpoints. Their goal is to provide what others need, at a price they can afford. As John Maynard Keynes once said, “It is better that a man should tyrannize over his bank balance than his fellow-citizen.”

What then is the real solution to the war on terrorism? Sending troops and fighting war in faraway lands may offer a short-term solution to terrorism, but real, permanent peace can only be achieved through opening trade and business, and establishing a legal system conducive to a civil society and prosperous economy. A good dose of open markets and competition in all walks of life could go a long way toward bringing peace, prosperity, and good will to this dangerous part of the world. Until that happens, however, many will shout “peace, peace, when there is no peace.” (Jeremiah 8:11)

Help Color the World Blue!

The bar chart and the world freedom map also give us the opportunity to explain our mission here at FEE. Simply put, our goal is to color the world blue, to maximize freedom for all people in all lands. It’s a tall order, but we are determined to create more “blue” countries wherever possible.

How do we at FEE fight terrorism? By expounding sound free-market principles both here and abroad to students, teachers, business people, and

the general public—to anyone who will listen.

I have traveled around the globe to 64 countries—in North America, Europe, Africa, Asia, Latin America, and the Middle East—and talked to people of all walks of life about the liberating effects of the free-enterprise system. They have asked for our help in bringing *Ideas on Liberty*, books, pamphlets, and seminars to them and teaching others about the benefits of a free society.

I do think that we are making progress. If this world map of economic freedom had existed in 1985, when the Soviet Union and China were closed communist nations, over half the world's population would have been colored "red." But with the collapse of the Berlin Wall and the downfall of Soviet communism, many nations have moved from "red" to "yellow" and from "yellow" to "green." Will they eventually move to "blue"? Through our ever-expanding programs, FEE will do everything in its power to achieve this lofty goal.

How can you help? Pass along this special issue of *FEE Today* to your friends, relatives, and busi-

ness associates. (See below for reprint information.) Show them how freedom and prosperity are closely linked. If we lose our freedom, you can be sure that our standard of living will decline. But more importantly, show them how free markets lead to the end of terrorism, intolerance, and oppression.

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