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The Economic Cost of Dhimmitude

A Three-Country Study: Iran, Egypt, and Malaysia

The Dhimmitude Project, Middle East Forum

November 2026

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A study of the Dhimmitude Project, a research initiative of the Middle East Forum launched in December 2025, in honor of Bat Ye'or and David Littman, to study dhimmitude and its modern survivals. This package contains the executive summary, a foreword by the Forum's executive director, the full report with its methods annex and sources, and the report's figures reproduced one to a page.

The finding in brief. Dhimmitude, the subordinate status that Islamic law assigned to non-Muslims, has been studied for what it does to the minorities who live under it. This study prices what it costs the majority that maintains it. Across Iran, Egypt, and Malaysia, the minority pays in proportion to the harshness of the regime, the majority pays more than the minority does, and the harshest regime has already spent its minority: its loss is a stock, visible as absence, not a flow.

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Correspondence to the Project's managing editor, Dexter Van Zile. The model, the data, and the chart code are archived with the study and available from the Project.

The Economic Cost of Dhimmitude

Executive Summary of a Three-Country Study: Iran, Egypt, and Malaysia

The Dhimmitude Project, Middle East Forum

November 2026

The question. Dhimmitude, the subordinate status that Islamic law assigns to non-Muslims, has been studied almost entirely for what it does to the minorities who live under it. This study asks what it costs the majority society that maintains it. The thesis, drawn from the economics of discrimination and from the record of every economy that has expelled or suppressed a productive minority, is that institutionalized subordination not only impoverishes the minority but imposes a measurable, self-inflicted cost on everyone else: lost talent, lost enterprise, lost human capital, and the flight of the merchant and professional classes.

The method. One framework, applied to three countries that span a gradient from harshest to mild: the Islamic Republic of Iran, which ranks its citizens by creed in its constitution; Egypt, where Coptic Christians are formally equal and practically fenced out of the state; and Malaysia, where an openly codified preference for the Muslim Malay majority sits beside a large non-Muslim minority.

For each, a two-sided ledger estimates the burden borne by the minority and the efficiency cost borne by the majority through three channels: misallocation of talent, emigration of minority human capital, and expropriated or transferred capital. The minority's side is an incidence: suppressed earnings plus the payments the system extracts from it. The majority's side counts only deadweight and spillover losses. Where the two sides are added, transfers between residents are netted out, so that the total is output that was never produced. Each estimate is offered with a low, central, and high value and sourced to the country's own documents or peer-reviewed literature. The estimates are deliberately conservative: emigration is counted net, as only the share of a departed worker's output that would have accrued to others, and only for the share of departures attributable to subordination; Iranian output per worker is measured without oil and gas; seized property is valued from documented floors; and every loss that cannot be documented is left at zero.

Table. The ledger in brief, central estimates (low-cost to high-cost ranges in parentheses), 2024 base year

	Iran (harshest)	Egypt (hard)	Malaysia (mild)
Minority's annual burden, as a share of its own potential income	20% (13 to 31); Baha'is 35% (25 to 50)	1.2% (0.4 to 3.1)	0.7% (0.3 to 1.4)
Minority's annual burden, US$ billion	0.9 (0.3 to 2.0), plus $25 bn (9 to 60) of seized property	0.4 (0.1 to 1.4)	0.9 (0.3 to 2.1)
Majority's annual efficiency cost, % of GDP	0.7 (0.2 to 2.1)	0.4 (0.1 to 1.5)	1.3 (0.4 to 3.6)
Majority's annual efficiency cost, US$ billion	3.1 (0.8 to 9.9)	1.4 (0.2 to 6.0)	5.4 (1.6 to 15.3)
Gross lost national output, US$ billion a year	7 (3 to 16)	4 (1 to 13)	15 (6 to 34)
Output forgone, net of transfers, US$ billion a year	4.0 (1.2 to 11.8)	1.8 (0.3 to 7.4)	5.6 (1.6 to 15.8)

	Iran (harshest)	Egypt (hard)	Malaysia (mild)
Cumulative output forgone, net of transfers, since regime took hold, constant 2015 US$ billion	114 (33 to 334), from 1980	44 (8 to 176), from 1960	102 (29 to 289), from 1971

Ranges are the model's low-cost and high-cost scenarios; every parameter is listed in the full report's methods annex. Iran's percentage range holds the mix of minority groups fixed at its central values. Output forgone is the sum of the two sides less transfers between residents: in Malaysia, the housing cross-subsidy, the domestic share of the tuition premium, and the public-sector premium.

Finding 1. The minority pays in proportion to the harshness of the regime. Iran's legally subordinated minorities lose about a fifth of the income they would otherwise earn, and its Baha'is, whom a 1991 state directive orders to be kept to "a modest livelihood," lose about a third. Egypt's Copts lose about 1 percent to occupational exclusion, a figure that prices only what can be priced and omits mob violence, ransom, and the "reconciliation sessions" that strip victims of legal remedy. Malaysia's Chinese and Indian citizens lose under 1 percent, the largest part in private tuition, paid because nine tenths of the places in the matriculation program that feeds the public universities are reserved for the Malay majority and other Bumiputera ("Sons of the Soil"). The ordering is the one the political economy of religious legitimation predicts: the state most dependent on clerical sanction extracts the most.

Finding 2. The majority pays too, and it pays more than the minority. On central estimates the self-inflicted cost is $3.1 billion a year in Iran (0.7 percent of GDP), $1.4 billion in Egypt (0.4 percent), and $5.4 billion in Malaysia (1.3 percent), in each case more than three times the minority's own annual loss. Counted gross, the lost national output is two to three times larger. Adding both sides of the ledger and netting out transfers between residents, the three countries have forgone about $260 billion of output in constant dollars since their regimes took hold, with a range from $70 billion to about $800 billion.

Finding 3. The harshest regime has already spent its minority. Iran's cost is a stock, not a flow. Its Jews fell from 62,258 in the 1976 census to 9,826 in 2016; its Armenians from an estimated 270,000 to 300,000 before 1979 to between 20,000 and 50,000 by the State Department's count today; its professoriate by 44 percent in the two years after 1980; one Baha'i industrialist's 40 companies and 10,000 jobs were expropriated in a single season. A foundation controlled by the Supreme Leader built a $95 billion empire partly on seized minority property, and 48,003 confiscated properties were auctioned by two foundations between 1996 and 2019. On the World Bank's constant-dollar accounts, Iran's real income per head in 2024 is 21 percent below its level of 1976, while Turkey's has nearly quadrupled and South Korea's risen elevenfold. On the Maddison purchasing-power estimates plotted in figure 3, Iran's rose 1.7-fold between 1976 and 2022, Turkey's 4.5-fold, and South Korea's 8.5-fold.

Finding 4. The mild regime bleeds continuously. Malaysia's cost is the largest as a share of GDP because its minority is large, skilled, and mobile. By 2000 one Malaysian in ten with a tertiary degree lived in an OECD country, two in ten counting Singapore; ethnic Chinese are a quarter of citizens and nine tenths of the resident diaspora in Singapore, which puts them there at about thirty times the rate of Malays; and 60 percent of the emigrants in a World Bank survey cite "social injustice." At purchasing-power parity, Malaysia was richer per head than South Korea in 1970 and stands at two thirds of South Korea's level today.

Finding 5. The sign never changes. The Egyptian state ran the experiment once at scale: between 1947 and 1961 it drove out Jewish and Greek communities that were under 1 percent of its population and had taken part in founding more than a third and more than a fifth, respectively, of the companies established there since 1885, and nationalized what they built. The three cases join a record, from the Huguenots to the Jews of the Soviet Union to the Asians of Uganda, in which no economy that removed a productive minority has been found to have gained by it.

Implications. The United States has treated the subordination of minorities in Muslim-majority states as a human-rights question. It is also an economic one. The U.S. Commission on International Religious Freedom ranks Iran among the worst offenders and in March 2026 again recommended, as it had in 2020, that Egypt and Malaysia be placed on the State Department's Special Watch List; this study supplies the economic brief for those designations, and for tying Egypt's $1.3 billion in annual military aid to progress. For Iran after the war, the 60,000 confiscated properties in Justice for Iran's database and the diaspora that holds the country's exported skills make restitution an economic program, not only a moral one. For reformers inside Malaysia and Egypt, the study puts a price on a design their own governments have already conceded is costly.

Next steps. The framework ran on three countries with widely differing data and produced bounded, auditable estimates for all three. The Project proposes to extend it to Pakistan, Turkey, and Bangladesh, where it has already documented the modern practice of dhimmitude, and to sharpen the method with within-country district comparisons, court-validated valuations of expropriated property from the Iran-U.S. Claims Tribunal, and direct surveys of the minority diasporas. The full report, its methods annex, its data, and its model are available from the Dhimmitude Project.

Foreword: The Jizya Is Paid by the Majority

What Henry Ford understood about his workers, and what three Muslim-majority states refuse to understand about their minorities

By Gregg Roman

Middle East Forum · November 2026

A foreword to "The Economic Cost of Dhimmitude: A Three-Country Study," published by the Dhimmitude Project of the Middle East Forum.

In January 1914, Henry Ford doubled his workers' pay to five dollars a day and cut their shift from nine hours to eight. The *Wall Street Journal* accused him of "economic blunders, if not crimes." Within a year the Ford Motor Company's labor turnover fell from 370 percent to 54 percent, absenteeism from 10 percent to 2.5 percent, and output per worker rose by somewhere between 40 and 70 percent. Profits went up, not down. Ford had not discovered charity. He had discovered that a man treated as a full participant in an enterprise produces more than a man treated as a disposable part.

The slave plantation ran the same experiment in reverse. It extracted a great deal from the people it coerced, and for a generation its owners were rich. Then the economists took the long view. Counties of the American South with more slaves in 1860 are poorer today. Across 29 New World colonies, the share of the population enslaved in 1750 still predicts lower income in 2000. A system that subordinates part of its workforce can post a strong quarter. It forfeits the century.

Dhimmitude is the Islamic world's version of that trade. The *dhimma* was the contract under which Christians, Jews, and other non-Muslims were allowed to live under Muslim rule: a poll tax, the jizya, paid in a posture of submission, and a catalogue of disabilities that governed what a non-Muslim could build, ride, wear, inherit, and say in court. The Middle East Forum's Dhimmitude Project was launched last December to study that system and its modern survivals, in honor of Bat Ye'or and David Littman, the scholars who documented it when polite scholarship preferred not to look. Most of what has been written about dhimmitude, including the Project's own work on Pakistan, Iran, Turkey, and Jerusalem, concerns what it does to the minorities. The Project's new study asks another question: what does it cost the majority?

The study takes three countries that span the range. The Islamic Republic of Iran ranks its citizens by creed in its constitution and runs a state apparatus whose written instruction, in a 1991 directive approved by Ali Khamenei, is that Baha'is' "progress and development are blocked" and that they be permitted "a modest livelihood." The Egyptian state declares its Copts equal in law, but shuts them out of the senior ranks of the state: in this year's police reshuffle, 44 senior appointments could be identified by name; none went to a Christian; of 41 new ambassadors, none; of 739 new judicial appointees, eight. Putrajaya openly legislates a preference for the Muslim Malay majority in universities, the civil service, corporate equity, housing, and licenses, beside a Chinese and Indian minority that is nearly three tenths of the citizenry and the most prosperous part of it.

The Project built one ledger and applied it to all three. On one side is what the minority loses: the income forgone when its members are barred from the state, the professions, the universities, or the trades, and the property seized from it. On the other side is what everyone else loses: the output of a judiciary or an officer corps recruited from 90 percent of the nation's talent, the taxes and the businesses and the ideas that leave with the emigrant, and the return on property that has been moved from its owners to a state foundation. Where the two sides are added together, whatever merely passes from one resident's pocket to another's is left out. Every parameter is published. Every number is a range.

Three results stand out.

First, the minority suffers economic losses proportional to the regime's harshness. Iran's subordinated minorities lose about a fifth of the income they would otherwise earn; its Baha'is lose about a third. Egypt's Copts lose about 1 percent of theirs to occupational exclusion, a figure that counts only what can be priced and leaves out the villages burned and re-settled without compensation. Malaysia's Chinese and Indian citizens lose under 1 percent, the largest part of it in the private tuition they pay because nine tenths of the matriculation places that feed the public universities are reserved for the Malay majority and other Bumiputera.

The second is that the majority pays more than the minority does. On the study's conservative central estimates, Iranians forgo about $3 billion a year, Egyptians about $1.4 billion, and Malaysians about $5.4 billion. Counted gross, as lost national output, the figures are two to three times larger. Adding both sides of the ledger, and setting aside what merely changed hands, the three countries have forgone about $260 billion of output in constant dollars since their regimes took hold, with a range that runs to about $800 billion. None of that was transferred from one group to another. It was never produced.

The third is the one this author finds most telling. The harshest regime has already "spent" its minorities, so to speak, by seizing their property and handing it to state foundations that have managed it poorly. Iran's annual loss looks modest because the people who would generate it are gone. Its Jewish population fell from 62,000 in the 1976 census to under 10,000 in 2016. Its Armenian population fell from an estimated 300,000 to perhaps 50,000, at most 80,000. Its professoriate fell by 44 percent in the two years after the universities closed in 1980. One Baha'i industrialist, Habib Sabet, owned stakes in 40 of the country's largest companies which employed 10,000 people; the new republic expropriated Sabet's holdings in the spring of 1979. The Jewish head of the Tehran community, Habib Elghanian, employed a workforce that was 99 percent Muslim; the republic shot him. A foundation controlled by the Supreme Leader built a $95 billion empire partly on what was taken, and 48,000 confiscated properties were auctioned off between 1996 and 2019. Many of the businesses the state kept have fared badly. In 1999 the incoming head of the largest state foundation, the Bonyad Mostazafan, reported that 80 percent of the foundations' companies were losing money. The Tehran tower that Elghanian built, taken over by the same foundation, burned and collapsed in 2017, killing 16 firefighters, after its owner ignored official safety warnings. Measured in constant dollars, Iran's real income per head today is a fifth below where it stood in 1976. Turkey's has nearly quadrupled since then. South Korea's has risen elevenfold. Even on the purchasing-power estimates that are kinder to Tehran, Iran's has grown 1.7-fold in nearly half a century, Turkey's 4.5-fold, and South Korea's 8.5-fold.

The mild regime, by contrast, bleeds continuously. Malaysia pays the most as a share of its economy, not because Putrajaya is crueler than Tehran but because its minority is large, skilled, and an hour from Singapore. By 2000, one Malaysian in ten with a university degree lived in an OECD country, two in ten counting Singapore; and ethnic Chinese, a quarter of Malaysia's citizens, are nine tenths of its diaspora across the causeway. When the World Bank polled those emigrants on why

they left, 60 percent said “social injustice.” At purchasing-power parity, Malaysia was richer per head than South Korea in 1970. It is two-thirds as rich today.

Egypt’s case is instructive in a different way. Its rulers have already run the experiment, once, at scale. Its Jews and Greeks, less than 1 percent of the population, had taken part in founding more than a third and more than a fifth, respectively, of the companies established in the country between 1885 and 1960. Between 1947 and 1961 the state drove them out and nationalized what they built. No economist has priced what Egypt lost. The Copts who remain are allowed into commerce, where they produce three of the Arab world’s billionaires, and all but barred from the senior ranks of the state, which recruits its generals, judges, and ambassadors from the other 90 percent. The largest loss came more than 60 years ago and cannot be recovered. What Cairo loses now is smaller, but it recurs every year.

Readers will object that these numbers rest on assumptions. They do, and the study says which. It counts emigration net, as only the share of a departed worker’s output that would have accrued to others, and it counts only the departures that subordination explains. It values seized property from documented floors. It leaves at zero every loss it cannot document, which includes the quality of a security state that excludes a tenth of its people by creed and the inventions that an engineer never produced because she was never admitted to the university. The economists who have studied what happens when a productive minority is removed, from the Huguenots to the Jews of the Soviet Union to the Asians of Uganda, have never once found that the country that removed them gained by it. The Project’s estimates are floors, and the sign of the result is not in doubt.

Why does any of this matter to an American? Because the United States has treated the subordination of minorities in Muslim-majority states as a question of human rights, which it is, and has not treated it as a question of economics, which it also is. The U.S. Commission on International Religious Freedom has long ranked Iran among the worst offenders. This March it recommended, as it did in 2020, that Egypt and Malaysia be placed on the State Department’s Special Watch List. Each of those states forgoes a measurable share of its own national income every year to maintain the subordination of its non-Muslim citizens. The argument that a state’s treatment of its minorities is its own affair is weaker when that treatment costs the state’s own citizens billions a year, and weakest of all when the state asks Washington for $1.3 billion in annual military aid, as Cairo does.

It matters for another reason. Whatever follows the current regime in Tehran will need capital and skills. The diaspora that the Islamic Republic drove out holds both. Sixty thousand confiscated properties sit in a database compiled by Iranian exiles. The economic case for restitution is the same as the case against the seizures: assets return to productive use, and the people who know how to use them have a reason to come home.

Henry Ford did not raise wages because he loved his workers. He raised them because a workforce that was treated as part of the enterprise built more cars. The ayatollahs, the generals, and the Malay nationalists have chosen the plantation’s bargain over Ford’s. They have taken the strong quarter and forfeited the century. The Dhimmitude Project’s contribution is to show, in dollars, how much of the century is already gone.

Gregg Roman is executive director of the Middle East Forum. The Economic Cost of Dhimmitude: A Three-Country Study is available from the Forum’s Dhimmitude Project.

The Economic Cost of Dhimmitude

A Three-Country Study: Iran, Egypt, and Malaysia. The full report

The Dhimmitude Project, Middle East Forum

November 2026

A study of the Dhimmitude Project, a research initiative of the Middle East Forum launched in December 2025, in honor of Bat Ye'or and David Littman, to study dhimmitude and its modern survivals. Research, modeling, and writing by the Project's staff. Correspondence to the Project's managing editor, Dexter Van Zile.

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1. Summary of findings

Most writing on dhimmitude, the subordinate legal status that Islamic law assigned to non-Muslims, documents what it does to the minorities who live under it. This study asks the other question: what does it cost the majority society that maintains it? It applies one framework to three Muslim-majority countries chosen to span a gradient, from the Islamic Republic of Iran, which ranks its citizens by creed in its constitution, through Egypt, where Coptic Christians are formally equal and practically fenced out of the state, to Malaysia, where an openly codified preference for the Muslim Malay majority sits beside a large and prosperous non-Muslim minority.

The findings, with the central estimates of a model whose every parameter is stated in the methods annex:

The minority pays in proportion to the harshness of the regime. Iran's legally subordinated minorities lose about a fifth of the income they would otherwise earn; its Baha'is, whom the state's own 1991 directive orders to be kept to "a modest livelihood," lose about a third. Egypt's Copts lose about 1 percent of their income to occupational exclusion, a figure that measures only what can be priced and leaves out mob violence, ransom, and the "reconciliation sessions" that strip victims of legal remedy. Malaysia's Chinese and Indian citizens lose under 1 percent, the largest part in private tuition, paid because nine tenths of the places in the matriculation program that feeds the public universities are reserved for the Malay majority and other Bumiputera.

The majority pays too, and it pays more than the minority. The self-inflicted cost, the output that Iranians, Egyptians, and Malaysians other than the minority lose because their states exclude, expropriate, or drive out a productive population, is about $3.1 billion a year in Iran (0.7 percent of GDP), $1.4 billion in Egypt (0.4 percent), and $5.4 billion in Malaysia (1.3 percent), in each case more than three times the minority's own annual loss. The three figures are deliberately conservative: they count only the share of a departed worker's output that would have accrued to others, only the departures attributable to subordination, and only the documented losses on expropriated property. Counted gross, the lost national output is two to three times larger. Adding both sides of the ledger and netting out transfers between residents, the three countries have forgone about $260 billion of output in constant 2015 dollars since their regimes took hold, with a range from $70 billion to about $800 billion.

The harshest regime has already spent its minority. Iran's cost shows up less as an annual flow than as an absence. Its Jewish population fell from 62,258 in the 1976 census to 9,826 in 2016; its Armenian population fell from an estimated 270,000 to 300,000 before 1979 to between 20,000 and 50,000 by the State Department's count today; its Baha'is, uncounted, lost the growth that would have carried them from 350,000 to 800,000. A state body, the Execution of Imam Khomeini's Order, built a $95 billion empire partly on seized minority property, and 48,003 confiscated properties were auctioned by two foundations between 1996 and 2019. Adding both sides of the ledger, the output Iran has forgone since 1980 on this study's central estimate is $114 billion in constant 2015 dollars, with a range of $33 billion to $334 billion.

The mild regime bleeds continuously. Malaysia's cost is the largest as a share of GDP because its minority is large and because the regime's main economic effect is emigration: in 2000 one tenth of Malaysians with a tertiary degree lived in an OECD country, two tenths counting Singapore, and ethnic Chinese make up nine tenths of the resident diaspora in Singapore against a quarter of citizens at home, which puts them there at about thirty times the rate of Malays. At purchasing-power parity, Malaysia was richer per head than South Korea in 1970 and stands at two thirds of South Korea's level today.

The sign never changes. Across every scenario economists have studied, from the expulsion of the Huguenots to the murder of Russia's Jewish middle class to Uganda's expulsion of its Asian merchants, the removal of a productive minority has lowered the long-run income of the place that removed it. The three cases here fit that record. Where the regime is harsh, the damage is a stock already paid; where it is mild, the damage is a flow still being paid.

The study closes with a method that can be extended to every Muslim-majority state, and with the observation that the United States, which already ranks Iran as a Country of Particular Concern and has again been asked by its own commission to place Egypt and Malaysia on a Special Watch List, has an economic case to add to its religious-freedom case.

2. The question: who pays for dhimmitude?

In January 1914, the Ford Motor Company doubled the pay of its qualifying workers from about $2.34 to $5.00 a day and cut the workday from nine hours to eight. The company did not go bankrupt. Annual labor turnover fell from 370 percent in 1913 to 54 percent in 1914 and 16 percent in 1915; daily absenteeism fell from about 10 percent to 2.5 percent; productivity rose by 40 to 70 percent on the estimate of Daniel Raff and Lawrence Summers; and net income rose from $27 million in 1913 to $40 million in 1915.[1] Raff and Summers found that the savings from lower turnover

[1] Daniel M. G. Raff and Lawrence H. Summers, "Did Henry Ford Pay Efficiency Wages?" *Journal of Labor Economics* 5, no. 4, part 2 (October 1987): S57-S86; figures from the working-paper version, NBER Working Paper 2101 (December 1986), nber.org/papers/w2101.

explained at most a fifth of the program's cost. The rest of the return came from effort, from the retention of skill. The men who were treated as full participants in the enterprise remained loyal to it.

The opposite experiment has also been run. The plantation economy of the American South posted high output per acre and high returns to its owners, and Robert Fogel and Stanley Engerman could argue in 1974 that slave agriculture was, in a narrow static sense, more efficient than free family farming. The long run told a different story. Gavin Wright showed that the South's backwardness was visible before secession; Nathan Nunn found that across 29 New World colonies the share of the population enslaved in 1750 predicts lower income in 2000, and that within the United States a county's 1860 slave share still lowers its income today; and Daron Acemoglu and Alexander Wolitzky showed formally that coercion raises effort while always lowering welfare.[2] A system that subordinates part of its workforce can extract a great deal from it in the short run. In the long run, however, it forfeits the towns, the schools, the property rights, and innovation that make an economy grow.

Dhimmitude is milder than slavery. The dhimmi kept his life, his faith, and, usually, his property, in exchange for a tax and a catalogue of disabilities. But the economic logic is the same, and it runs in the same direction. A society that caps the livelihood of a productive minority, bars it from the professions and the state, taxes it for the right to remain what it is, and treats its departure as a forfeiture of its property, does not merely impoverish that minority. It gives up what the minority would have built, and it gives up the discipline that competition on merit imposes on the majority's own institutions.

That is the thesis this study tests, and confirms. The literature on dhimmitude, from Bat Ye'or's foundational work to the Dhimmitude Project's own publications on Pakistan, Iran, Jerusalem's Temple Mount, and the jizya itself, has established the harm done to minorities.[3] The distinctive contribution of this study, and the analytical spine of the Project's program, is to quantify what the *majority* gives up.

3. What dhimmitude is, and how it survives

3.1 The classical architecture

The *dhimma* was the contract of protection under which Islamic law allowed Christians, Jews, and, by extension, other non-Muslims to live under Muslim rule. Its financial keystone was the *jizya*, a poll tax levied on free adult non-Muslim men and grounded in Qur'an 9:29, which commands that the People of the Book be fought "until they pay the jizya with willing submission, and feel themselves subdued." Abu Yusuf's eighth-century *Kitab al-Kharaj* records a three-tier schedule of 48, 24, and 12 dirhams a year; the Shafi'i jurist al-Nawawi recorded, as commendable though not obligatory, a manner of collection in which the dhimmi stood with bowed head before a seated collector. The Project's own analysis of the tax, by Jalal Tagreeb, shows why the "protection fee" defense fails: the

[2] Robert W. Fogel and Stanley L. Engerman, *Time on the Cross* (1974), as reviewed by Thomas Weiss, EH.net, eh.net/book_reviews/time-on-the-cross; Gavin Wright, *Slavery and American Economic Development* (Baton Rouge: Louisiana State University Press, 2006); Nathan Nunn, "Slavery, Inequality, and Economic Development in the Americas," in Elhanan Helpman, ed., *Institutions and Economic Performance* (Cambridge, Mass.: Harvard University Press, 2008), 148-180, coefficients -2.63 (cross-country), -0.33 (U.S. states), and -0.22 (U.S. counties), nathannunn.sites.olt.ubc.ca; Daron Acemoglu and Alexander Wolitzky, "The Economics of Labor Coercion," *Econometrica* 79, no. 2 (March 2011): 555-600.

[3] See, among the Project's publications, Craig Considine, "Neo-Dhimmitude in the Land of the Pure: Pakistan's Native Christians and the Betrayal of Jinnah's Pluralism" (April 2026); Jalal Tagreeb, "Confronting the Legacy of Jizya as an Instrument of Subjugation" (July 15, 2026); Tom Nisani, "Neo-Dhimmitude on Jerusalem's Temple Mount: A Case Study" (July 2026); Erfan Fard, "Recognized, Yet Suspected: Iranian Jews and the Paradox of Citizenship under the Islamic Republic" (September 10, 2026), all at meforum.org.

liability began and ended at the boundary of religious confession, it vanished the instant a payer converted, and it carried no reciprocal claim on the state.[4]

The tax came as a package. The restrictions catalogued in the Pact of Umar and codified independently by the Hanafi, Shafi'i, and Hanbali schools barred the building or repair of churches and synagogues, the public display of crosses and scripture, the riding of horses and the bearing of arms, and homes taller than a Muslim neighbor's; they required distinguishing dress and deference in the street; and the criminal law valued a dhimmi's life at half a Muslim's in blood money and exempted a Muslim from retaliation for killing one.[5] Taxation, criminal liability, dress, mobility, and the built environment were all calibrated to one variable: confessional status.

The arrangement left an economic trace that can still be measured. Mohamed Saleh shows that Egypt's poll tax, which weighed most heavily on the poor, led poorer Copts to convert over the centuries, so that the community that stayed Christian shrank and grew relatively better off. Where the medieval tax had been heaviest, the Coptic communities counted in the censuses of 1848 and 1868 were smaller and held better occupations than their Muslim neighbors.[6] The classical system was an economic institution with economic effects, and those effects outlived it.

Historians debate how uniformly these rules were enforced across 13 centuries and three continents, and the debate is a fair one. Mark Cohen reports accurately that lived experience varied by ruler and region, and that Jews often fared better under the Ottomans than in Christian Europe.[7] The economic argument of this study does not depend on uniformity. It depends on the design of the institution, which is not in dispute, and on its modern manifestations, which are documented in the three country chapters.

3.2 A paradox from the Ottoman centuries

Timur Kuran wrote the most important economic history of non-Muslims under Islamic law, and it contains a paradox the study must address. Under Ottoman legal pluralism, non-Muslims could choose between Islamic courts and their own communal courts; Muslims had no such choice. When Western commercial law and the corporation became available in the 18th and 19th centuries, Christians and Jews could reach them through foreign consular protection, which also cut their import duties from 10 percent to 3 percent. Muslims remained bound to Islamic partnership and inheritance rules that kept firms small and short-lived: a partnership ended when any partner died, and inheritance law divided the dead partner's estate among many heirs, any of whom could refuse to carry on, so a successful business tended to be broken up at its founder's death instead of growing into a lasting firm. The result was that the subordinated minorities came to dominate commerce: in 1912 Muslims were 81 percent of the Ottoman population and 15 percent of the empire's 18,063 named traders; at the end of the First World War Turks were 4 percent of Istanbul's export-import merchants; in Alexandria in 1837, of 72 merchant houses, 43 were European, 27 belonged to local minorities, and two were Muslim.[8] Kuran concluded that the rule giving Islamic courts sole jurisdiction over cases involving Muslims "had the unintended effect, a millennium later, of seriously harming Muslim economic opportunities."

[4] Jalal Tagreeb, "Confronting the Legacy of Jizya as an Instrument of Subjugation," Dhimmitude Project, Middle East Forum (July 2026), meforum.org, sections II-V, citing Abu Yusuf, *Kitab al-Kharaj*, trans. A. Ben Shemesh, *Taxation in Islam*, vol. 3 (Leiden: Brill, 1969); al-Nawawi, *Minhaj al-Talibin*, trans. E. C. Howard (London: Thacker, 1914), 467-469; and Antoine Fattal, *Le statut légal des non-musulmans en pays d'islam* (Beirut: Imprimerie Catholique, 1958).

[5] Tagreeb, "Confronting the Legacy of Jizya," section VI, citing the *Mukhtasar al-Quduri*, the Hanbali *al-Umda fi'l-fiqh*, and Ahmad ibn Naqib al-Misri, *Umdat al-Salik*, trans. Nuh Ha Mim Keller (Beltsville, Md.: Amana, 1994), sec. o11.5.

[6] Mohamed Saleh, "On the Road to Heaven: Taxation, Conversions, and the Coptic-Muslim Socioeconomic Gap in Medieval Egypt," *Journal of Economic History* 78, no. 2 (June 2018): 394-434.

[7] Mark R. Cohen, *Under Crescent and Cross: The Jews in the Middle Ages*, rev. ed. (Princeton: Princeton University Press, 2008).

[8] Timur Kuran, "The Economic Ascent of the Middle East's Religious Minorities: The Role of Islamic Legal Pluralism," *Journal of Legal Studies* 33, no. 2 (June 2004): 475-515, sites.duke.edu/timurkuran; Kuran, "Why the Middle East Is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation," *Journal of Economic Perspectives* 18, no. 3 (Summer 2004): 71-90; Kuran, *The Long Divergence: How Islamic Law Held Back the Middle East* (Princeton: Princeton University Press, 2011).

The modern states examined here closed the protective exemption for non-Muslims in the 20th century. There are no consular courts in Tehran, Cairo, or Kuala Lumpur; the state defines personal status; and the minority can no longer opt out of the majority's law. What remains is the pure exclusion that the classical texts designed, now enforced by a modern bureaucracy. In the Ottoman case, the cost of dhimmitude fell on Muslims, who stayed bound by the partnership and inheritance rules that hindered the growth and continuance of their businesses, while the minorities escaped those rules through foreign protection. In the modern case, it falls on everyone through the minorities' exclusion and flight.

3.3 The modern survivals

While the practice of dhimmitude was different in each of the three countries studied, recognizable pieces of its oppressive architecture can be seen in all of them.

In Iran the architecture is constitutional. Article 12 makes Twelver Shi'ism the official religion "eternally"; Article 13 names Zoroastrians, Jews, and Christians as "the only recognized religious minorities"; Article 14 makes even their protection conditional on refraining from "activity against Islam"; Article 19's equality clause lists ethnicity, color, race, and language but omits religion; and Article 4 subordinates every law to "Islamic criteria" as judged by the clerics of the Guardian Council.[9] The Civil Code's Article 881 bis, which bars an unbeliever from inheriting from a Muslim and lets one Muslim heir take an entire non-Muslim estate, and Article 1313, which conditions testimony on "faith," are the inheritance and witness disabilities of the classical law in modern dress. The Baha'is, unrecognized, stand where the pagan stood in the classical scheme: outside the contract altogether.

In Egypt the architecture is administrative. The 2014 constitution proclaims equality and makes freedom of belief "absolute," but Article 2 makes "the principles of Islamic Sharia" the principal source of legislation; the church-building regime, a presidential-decree system that Egyptian rights groups trace to the Ottoman Hamayouni Decree of 1856 until it was replaced by Law 80 of 2016, still has more than 1,600 applications unresolved a decade later; the state recognizes conversion to Islam but not from it; and the customary "reconciliation sessions" convened after sectarian attacks compel Christian victims to forgo their legal rights in exchange for the mob's forbearance.[10] The Copt is a citizen in law and a dhimmi in practice.

In Malaysia the system of oppression is rooted in a fusion of ethnicity and faith. Article 160 of the Federal Constitution defines a Malay as "a person who professes the religion of Islam"; Article 153 entrenches the "special position" of Malays and natives in public employment, scholarships, and licenses; Article 3 makes Islam the religion of the Federation; and Article 11(4) lets the states forbid non-Muslims from propagating their faith to Muslims, while Muslims propagate freely. Leaving Islam requires a syariah court, which in practice does not grant leave; entering it is required to marry a Muslim. The conversion door opens one way.[11] The preference is written as ethnic; for the Peninsular majority, ethnicity is defined by religion.

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[9] Constitution of the Islamic Republic of Iran (1979, amended 1989), arts. 4, 12, 13, 14, 19, 20, 49, 64, 91, 109, 115, 144, 157, 162, 163, and 167, English text at constituteproject.org; Law Library of Congress, *Iran: Legal Status of Religious Minorities* (September 2023), tile.loc.gov.

[10] Constitution of the Arab Republic of Egypt (2014, amended 2019), arts. 2, 3, 53, and 64, constituteproject.org; Egyptian Initiative for Personal Rights, "19th Century Ideas and Laws Govern the Use of Houses of Worship in Egypt," December 24, 2014, eipr.org; George Sadek, "Controversy over New Egyptian Law That Regulates the Construction of Churches," Law Library of Congress (November 2016), blogs.loc.gov; U.S. Commission on International Religious Freedom (USCIRF), *2026 Annual Report*, Egypt chapter; Raymond Ibrahim, "Egypt's Muslim/Christian 'Reconciliation Sessions': How the Terrorized Are Forced to Submit to the Terrorists," Middle East Forum, July 28, 2026, meforum.org.

[11] Federal Constitution of Malaysia, arts. 3(1), 11(1), 11(4), 12(4), 153, and 160(2), constituteproject.org; Kartina A. Choong, "The Conflation of Ethnicity and Religion: The Malaysian Constitution Revisited," seminar abstract, National University of Singapore Centre for Asian Legal Studies, November 30, 2012, law1a.nus.edu.sg; *Lina Joy v. Majlis Agama Islam Wilayah Persekutuan*, Federal Court of Malaysia, May 30, 2007; U.S. Department of State, *2023 Report on International Religious Freedom: Malaysia*.

While the three regimes impose differing levels of oppression on their populations, Pew's Government Restrictions Index places all three in its highest band of government restriction. Pew's index for 2023 scores Iran 8.7 out of 10 and Egypt and Malaysia 7.7, all "very high."

Pew's Social Hostilities Index separates them, Egypt 7.1, Iran 5.8, Malaysia 3.1 while the World Bank's rule-of-law estimate runs from Iran at -1.20 through Egypt at -0.71 to Malaysia at 0.37; and Freedom House scores the three 10, 18, and 53 out of 100. The U.S. Commission on International Religious Freedom recommends Iran, which the State Department has designated since 1999, as a Country of Particular Concern, and in March 2026 recommended Egypt and Malaysia for the Special Watch List, as it had in 2020 (figure 1).[12]

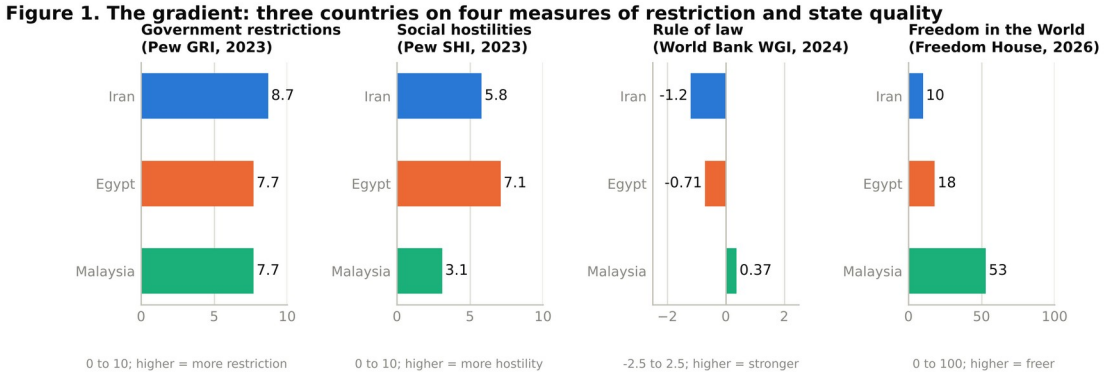


Figure 1. The gradient: three countries on four measures of restriction and state quality.

3.4 Scope and design: structural neo-dhimmitude

None of the three states levies a jizya, and none calls its non-Muslim citizens dhimmis. The study therefore uses a narrower and more exact term for what it measures. Structural neo-dhimmitude is the set of legal and administrative arrangements in a Muslim-majority state that rank citizens by confession, or by an ethnicity that the law defines through confession, and that attach economic consequences to the rank: access to public office, higher education, licensed trades, credit and equity, the protection of property, and the freedom to leave the favored faith. It is an institutional gradient, not a single legal status. A state sits higher on the gradient the more of these consequences it writes into law and the more of its apparatus it commits to enforcing them.

Iran enforces the whole of the classical hierarchy, including the part that lay below the dhimma. The jurists recognized three positions: the Muslim; the protected People of the Book, who paid for a subordinate place inside the legal order; and those to whom no contract was offered, the polytheist and the apostate. The Islamic Republic reproduces all three. Jews, Christians, and Zoroastrians are the recognized minorities of Article 13, and the ceilings on them are the codified disabilities described above. Baha'is, whose religion arose after Islam and whom the clerical establishment treats as apostates, and Muslim-born converts to Christianity, whom the state goes on counting as Muslims, stand in the third position. A U.N. special rapporteur reported in 2019 that the authorities regard Baha'is as "unprotected infidels."[13] In practice Baha'is are shut out of public employment and

[12] Pew Research Center, "More Countries Had Elevated Levels of Social Hostilities Involving Religion in 2023," June 15, 2026, Appendix C, pewresearch.org; World Bank, Worldwide Governance Indicators, rule-of-law estimate, 2024, retrieved from the World Bank API, October 14, 2026; Freedom House, *Freedom in the World 2026*, country reports for Iran, Egypt, and Malaysia; USCIRF, *2026 Annual Report*, March 4, 2026, uscirf.gov.

[13] U.K. House of Commons Library, Debate Pack CDP-2021-0062 (April 19, 2021), citing the 2019 report of the U.N. Special Rapporteur on the situation of human rights in the Islamic Republic of Iran; U.S. Department of State, *2023 Report on International Religious Freedom: Iran*, on the treatment as Muslims of citizens who cannot show that their families were Christian before 1979.

the universities, and their property is open to seizure; converts must hide their faith to work and face arrest, and apostasy, though absent from the penal code, remains punishable through the fatwas to which Article 167 of the constitution sends the judge (section 5.1). To model only the recognized minorities would be to describe the classical contract and leave out the tier beneath it, where the heaviest costs fall. The Iranian ledger therefore covers both tiers and reports them separately.

Malaysia tests the definition from the other side, because its preference is written as ethnic. Two facts cut against treating it as confessional. The indigenous peoples of Sabah and Sarawak, among them the largely Christian Kadazan-Dusun and Dayak communities, are Bumiputera and share in the preference; and a Chinese or Indian citizen who converts to Islam does not thereby become a Malay or a Bumiputera.[14] The study counts Malaysia nonetheless, as the mild pole of the gradient, for four reasons. On the Peninsula, home to most Malaysians, Article 160 makes the profession of Islam part of the legal definition of a Malay, so that the largest favored group is defined by faith. Article 3 makes Islam the religion of the Federation. The syariah courts keep the door one-way: a Malay who leaves Islam leaves the definition, and in practice leave is not granted. And the citizens outside the preference are almost all non-Muslims: in the 2010 census 0.7 percent of Chinese Malaysians were Muslims, and 86 percent of Indian Malaysians were Hindus.[15] The Malaysian estimates therefore describe the cost of an ethno-confessional preference, and where the religious and the ethnic lines part, as they do in East Malaysia, the text says so.

The design is a comparative institutional analysis, not a statistical test. Three countries cannot identify a coefficient, and the study does not claim one. The cases were chosen on purpose, to hold the institution constant in kind while varying its intensity and its target, and they illustrate and price propositions that the comparative literature on religious legitimation and persecution has already established (Rubin 2017; Johnson and Koyama 2019). Formal indices of restriction are a poor guide to the economics for the same reason. Pew's Government Restrictions Index gives Egypt and Malaysia the same score, 7.7, because it measures formal restrictions that the two share, such as limits on proselytizing and on conversion out of Islam and legal favor to one religion. The economic extraction differs sharply, because it depends on what the exclusion is aimed at: sovereign posts in Egypt, where the minority keeps its place in private commerce; university places, public employment, and corporate equity in Malaysia, where the minority is large and can leave; and livelihood itself in Iran.

4. Framework and method: a two-sided ledger

4.1 What economics says

Three bodies of work supply the framework.

The first is the economics of discrimination. Gary Becker showed in 1957 that discrimination in the marketplace reduces the discriminators' own real incomes as well as those of the minority.[16] Becker's mechanism, a taste for discrimination that competition punishes, is weaker than the mechanism at work here: a statutory bar removes the competitive check, because no employer may hire the excluded person whatever his taste.

The modern measurement of the cost is by Chang-Tai Hsieh, Erik Hurst, Charles Jones, and Peter Klenow. In 1960, 94 percent of American doctors and lawyers were white men; by 2010 the share

[14] Federal Constitution of Malaysia, arts. 153, 160(2), and 161A; Murugesan Sinnandavar, "Bumiputera Status: To Be or Not to Be," *Free Malaysia Today*, July 21, 2017.

[15] Department of Statistics Malaysia, *Population and Housing Census of Malaysia 2010: Population Distribution and Basic Demographic Characteristics* (2011), total population by ethnic group and religion.

[16] Gary S. Becker, *The Economics of Discrimination*, 2nd ed. (Chicago: University of Chicago Press, 1971), publisher's description at press.uchicago.edu.

was 62 percent. Modeling the frictions that had kept talented women and Black men out of their comparative advantage, the authors find that improved allocation of talent explains 20 to 40 percent of the growth in U.S. market output per person between 1960 and 2010.[17] The gain accrued to aggregate output, not only to the groups let in. A country that bars a minority from its universities, its state, its licensed professions, or property ownership imposes exactly the type of friction they measured, by statute rather than by custom.

The second is the economics of institutions. Daron Acemoglu, Simon Johnson, and James Robinson estimate that differences in institutions explain about three quarters of the income differences among former colonies. Their later work distinguishes "extractive" institutions, which concentrate income in an elite that blocks creative destruction, from "inclusive" ones.[18] Jared Rubin, Noel Johnson, and Mark Koyama explain why a majority tolerates its own losses as follows: a ruler who draws legitimacy from religious authorities finds discrimination against minorities a cheap way to pay for clerical support, and a weak state finds identity rules easier to enforce than general ones.[19] That prediction yields a testable ordering: the cost of dhimmitude should rise with the ruler's dependence on clerical legitimacy, highest in Iran, lowest in Malaysia.

The third is the record of natural experiments, in which a productive minority was removed and the economists could measure what happened next. Russian cities that lost more of their Jewish middle class in the Holocaust were about 15 percent smaller in 1989 than they would otherwise have been and had lower wages and a smaller middle class six decades later.[20] German universities that lost professors to the 1933 dismissals saw their doctoral students' careers damaged for life, and a 10 percent loss of a department's scientists cut its output four times as much as a 10 percent loss of its buildings and, unlike the buildings, never recovered.[21] The United States, which received the émigré chemists, saw patenting in their fields rise 31 percent.[22] Prussia, which received the Huguenots after 1685, gained about 1.5 percent of textile output per worker for every percentage point of Huguenot population a century later.[23] Uganda, which expelled 70,000 Asians who controlled an estimated 80 to 90 percent of its commerce in 1972, saw its GDP fall every year from 1972 to 1976 and stand at 80 percent of its 1970 level in 1979.[24] Turkish districts that held larger Armenian and Greek populations before 1915 and 1923 are richer today, not because the minorities remain, which they do not, but because of the human capital they transferred to their Muslim neighbors before they were destroyed.[25]

One strand of the migration literature points the other way and has to be met. Michel Beine, Frédéric Docquier, and Hillel Rapoport show that the prospect of emigration can raise a poor country's stock

[17] Chang-Tai Hsieh, Erik Hurst, Charles I. Jones, and Peter J. Klenow, "The Allocation of Talent and U.S. Economic Growth," *Econometrica* 87, no. 5 (September 2019): 1439-1474, econometricsociety.org.

[18] Daron Acemoglu, Simon Johnson, and James A. Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review* 91, no. 5 (December 2001): 1369-1401; Daron Acemoglu and James A. Robinson, *Why Nations Fail* (New York: Crown, 2012).

[19] Jared Rubin, *Rulers, Religion, and Riches: Why the West Got Rich and the Middle East Did Not* (Cambridge: Cambridge University Press, 2017); Noel D. Johnson and Mark Koyama, *Persecution and Toleration: The Long Road to Religious Freedom* (Cambridge: Cambridge University Press, 2019).

[20] Daron Acemoglu, Tarek A. Hassan, and James A. Robinson, "Social Structure and Development: A Legacy of the Holocaust in Russia," *Quarterly Journal of Economics* 126, no. 2 (May 2011): 895-946, coefficient -0.077 on the interaction of German occupation and the 1939 Jewish share, economics.mit.edu.

[21] Fabian Waldinger, "Quality Matters: The Expulsion of Professors and the Consequences for PhD Student Outcomes in Nazi Germany," *Journal of Political Economy* 118, no. 4 (2010): 787-831; Waldinger, "Bombs, Brains, and Science: The Role of Human and Physical Capital for the Creation of Scientific Knowledge," *Review of Economics and Statistics* 98, no. 5 (2016): 811-831.

[22] Petra Moser, Alessandra Voena, and Fabian Waldinger, "German Jewish Émigrés and US Invention," *American Economic Review* 104, no. 10 (2014): 3222-3255.

[23] Erik Hornung, "Immigration and the Diffusion of Technology: The Huguenot Diaspora in Prussia," *American Economic Review* 104, no. 1 (January 2014): 84-122.

[24] Rita M. Byrnes, ed., *Uganda: A Country Study* (Washington: Library of Congress, 1992), economy chapter, africa.upenn.edu; Carleton University Uganda Collection, "Before the Expulsion," 2022.

[25] Cemal Eren Arbatli and Gunes Gokmen, "Human Capital Transfers and Sub-national Development: Armenian and Greek Legacy in Post-expulsion Turkey," *Journal of Economic Growth* 28, no. 1 (2023): 1-43.

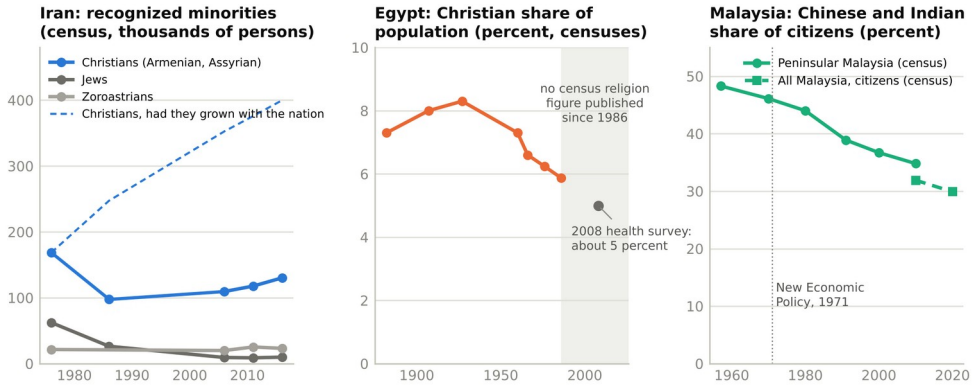
of human capital, because more people invest in schooling than eventually leave. Their own estimates confine the net gain to countries that combine low levels of schooling with low rates of skilled emigration, and they count more losers than winners.[26] The minorities studied here sit at the other extreme: two thirds or more of Iran's Jews and Armenians have left, and one Malaysian graduate in five lived abroad by 2000. The mechanism also requires that those who invest in schooling and stay be able to use it at home, which is what a university ban, a matriculation quota, or a closed officer corps prevents. The ledger therefore credits no "brain gain"; the methods annex sets out the reasoning.

4.2 The long-run cost of coercion

The study asserts that while coercive systems can post high short-run output, they hinder long-run growth by reducing innovation, by hindering the development of human capital, and by causing the flight of the merchant and professional classes.

On this last cost, the evidence is overwhelming. The exodus of 850,000 Jews from Arab countries after 1948, of whom fewer than 4,000 remain, and the collapse of Iraq's Christians from 1.4 million in 1987 to fewer than 250,000 and Syria's from a tenth of the population to a fiftieth, are natural experiments: one measures what left, what it was worth, and what failed to grow in its place.[27] Iraq's Jews were 2.6 percent of the population in 1947; they held about 61 percent of the directorate seats of the Baghdad Chamber of Commerce in 1935-36 and controlled roughly 95 percent of imports before the Second World War, and Law No. 5 of March 10, 1951, seized the assets of every Jew who left.[28] Within two years a state had to rebuild its import trade and banking from nothing. Figure 2 applies the same discipline to the three countries studied here, and figure 3 sets each country's real income per head against its peers from the year its regime took hold. Figure 3 uses the Maddison Project's purchasing-power estimates; section 5.5 sets them beside the World Bank's constant-dollar accounts, on which Iran's record is harsher still.

Figure 2. Absence as evidence: the minorities that shrank



Sources: Statistical Centre of Iran censuses 1976-2016 (via UNSD, SFU, Iranica); Egypt censuses 1882-1986 as compiled by Hulsman (MIDEO 2012) and Tadros (Providence 2023), 2008 Egypt DHS via Pew (2011); Malaysia censuses 1957-2010 (Economic History of Malaysia, DOSM), 2020 census (DOSM). Iran's census does not count Baha'is or converts.

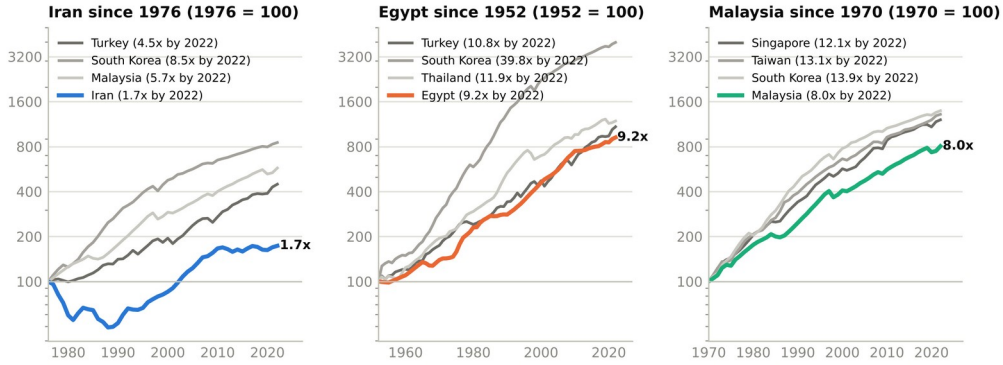
Figure 2. Absence as evidence: the minorities that shrank.

[26] Michel Beine, Frédéric Docquier, and Hillel Rapoport, "Brain Drain and Human Capital Formation in Developing Countries: Winners and Losers," *Economic Journal* 118, no. 528 (April 2008): 631-652.

[27] Sergio DellaPergola, "World Jewish Population, 2021," *American Jewish Year Book 2021*, country table as compiled by the Jewish Virtual Library; Iraqi High Commission for Human Rights, March 7, 2021, via Shafaq News; European Union Agency for Asylum, *Country Guidance: Syria*, December 2025, Christians.

[28] Moshe Gat, "The Socio-Economic Patterns of Iraqi Jewry in the Twentieth Century," *Jewish Political Studies Review* 10, nos. 1-2 (Spring 1998): 19-35, jcfa.org.

Figure 3. Divergence: real GDP per capita, indexed to the year each regime took hold (log scale)



Source: Maddison Project Database 2023 (Bolt and van Zanden 2024), real GDP per capita in 2011 international dollars, through 2022. Iran's 1976 peak precedes the revolution; Egypt's base is the 1952 coup; Malaysia's the 1970 eve of the New Economic Policy.

Figure 3. Divergence: real GDP per capita, indexed to the year each regime took hold.

4.3 The ledger

For each country, the study estimates two sides of one ledger.

The minority side is an incidence: the burden that falls on the subordinated population, whoever gains from it. It has three parts. The first is suppressed earnings, the income forgone when the minority's members are barred from the public sector, the professions, the universities, and licensed trades. The second is what the minority pays out of pocket to route around exclusion or to fund the preference directly: in Malaysia, the tuition premium for private and overseas degrees and the cross-subsidy that pays for the Bumiputera housing discount. The third is a stock, the property seized from it, which is reported separately and never added to the annual flow. The study reports the annual burden in dollars, per household, and as a share of the income the minority would otherwise earn.

The majority side is an efficiency cost: it counts only the net deadweight and spillover losses that fall on everyone else in the country, and no transfer. It has three channels. Channel A is misallocation: when a post is reserved by creed, it is filled by someone less qualified, and the output of the institution, and of those who depend on it, falls. Channel B is emigration: the minority's human capital leaves, and the taxes, the employer and consumer surplus, and the knowledge spillovers it would have generated leave with it; only departures attributable to subordination are counted. Channel C is expropriated or transferred capital: property moved from private owners to state foundations is managed less productively, and transfers made by creed invite rent-seeking that destroys part of what is transferred. In Channel C the ledger counts the shortfall and the dissipation, never the amount transferred.

The two sides are not simply added. Some of what the minority loses is someone else's gain: a house sold at a discount is paid for by the buyers who pay full price, a public university place denied to one student is taken by another, and the pension that goes with a reserved post is drawn by whoever holds it. These are transfers. They belong on the minority's side, because the minority bears them, but they are not output forgone. Where the study reports one figure for both sides, annual or cumulative, it takes them out: the housing cross-subsidy, the part of the tuition premium that replaces a public subsidy at home, and the public-sector premium. What remains is real: earnings suppressed by mismatch or by bans on work and study, the excess cost of sending students abroad, misallocation, the net loss from emigration, and the rents dissipated in competing for transfers. Only Malaysia's total changes, by 0.17 percent of GDP. In Iran and Egypt the minority's

burden is suppressed earnings, which no one else collects. The dissipated share of a transfer stays in Channel C and is counted once.

In plain English, the argument about the economics of dhimmitude is this:

1. Under the oppressive system of dhimmitude, jobs go to less qualified people. If certain positions are set aside for people of one religion, the best candidate doesn't always get the job. So the hospital, ministry, or university doing the hiring works less well.

2. Consequently, talented people leave. When minorities are pushed out, their skills go with them. The country loses the taxes they would have paid, the businesses they would have run, the goods and services they would have bought and provided, and the know-how they would have passed on to others.

3. To make matters worse, seized or redistributed property is wasted. When the state takes property from private owners and hands it to state-run religious trusts, those trusts usually manage it worse than the owners did. And when money or assets are handed out by religion, people waste effort and resources competing for those handouts, so part of the value is lost along the way.

Each of these impacts is estimated with a low-cost, central, and high-cost value drawn from the literature or from the country's own documents, and the annex lists all of them. Four features of the design keep the estimates conservative. Emigration is counted net, as only the share of a departed worker's output that would have accrued to others, with gross lost output reported separately, and only for the share of departures attributed to subordination, which is set well below the excess of minority over majority emigration. Output per worker in Iran is measured without oil and gas, so that no emigrant is credited with a share of the country's hydrocarbon rents. Expropriation enters the low scenario at a floor assembled from documented auction minimums and a contemporary estimate of abandoned property. And the study makes no claim on the largest number available for any country, the macro counterfactual, which it reports as a ceiling rather than an estimate: Iran's GDP per capita is 46 to 54 percent below a synthetic counterfactual that tracks the 1979 institutional rupture, and Malaysia's income per head would be 1.6 times its actual level had it matched Taiwan's growth since 1970.[29] Minority subordination is one strand of those ruptures, not the whole.

The base year is 2024, the last year unaffected by the June 2025 and 2026 wars; 2025 figures exist, but Iran's 2025 dollar GDP is depressed by war and exchange-rate effects that would shrink every Iranian dollar figure without changing the shares. GDP is in current dollars from the World Bank: $475 billion for Iran, $389 billion for Egypt, and $422 billion for Malaysia. Cumulative figures apply the annual share of output forgone, net of transfers, to each country's GDP in constant 2015 dollars from the year the regime took hold, phased in as emigration accumulated: from 1980 in Iran, the year the universities were closed and purged; from 1960 in Egypt, the first year of the World Bank's constant-dollar series; and from 1971 in Malaysia, when the New Economic Policy began. They are simple sums of annual losses. They do not compound, so no return is credited on output that would have been saved and invested, and on that count they understate. Every data series was pulled by the Project from the World Bank, IMF, U.N., OECD, Pew, and national statistical offices in October 2026 and is archived with the study.

[29] Nuno Garoupa and Rok Spruk, "Revolutions as Structural Breaks: The Long-Term Economic and Institutional Consequences of the 1979 Iranian Revolution," *Constitutional Political Economy* 36, no. 3 (2025): 273-301, link.springer.com; Maddison Project Database 2023, real GDP per capita in 2011 international dollars.

5. Iran: the harshest case

5.1 A ceiling written into law

The Islamic Republic does not hide the economic purpose of its treatment of minorities. The 1991 memorandum of the Supreme Revolutionary Cultural Council on “the Baha’i question,” signed by its secretary, Seyyed Mohammad Golpaygani, and approved by Ali Khamenei, states that the government’s dealings with Baha’is “must be in such a way that their progress and development are blocked”; that they “must be expelled from universities, either in the admission process or during the course of their studies, once it becomes known that they are Baha’is”; that the state should “permit them a modest livelihood as is available to the general population”; and that it should “deny them any position of influence, such as in the educational sector.”[30] A police letter of April 9, 2007, from the Public Places Supervision Office to commanders nationwide ordered that Baha’i “activities in high-earning businesses should be halted, and only those work permits that would provide them with an ordinary livelihood should be allowed,” and closed to them culture, the press, jewelry and watchmaking, tourism, car rental, publishing, photography, computer sales, and the entire food trade “in accordance with the religious canons,” on grounds of ritual uncleanliness.[31] A policy that caps the income of a productive population by decree is the textbook definition of a deadweight loss.

The screening process for jobs

The statutes around these directives complete the architecture. The 1981 Law on Restructuring Human Resources and the 1993 Law on Administrative Offenses make membership in the “deviant sect” grounds for permanent dismissal from any public post; Iran’s Court of Administrative Justice upheld the denial of pensions to dismissed Baha’is in 2007 and 2016.[32] The Selection Law, administered through *gozinesh* offices run with the Ministry of Intelligence, conditions every public and parastatal job on “belief in Islam or one of the religions stipulated by the Constitution” and on adherence to the rule of the jurist, which bars Baha’is outright and screens everyone else for loyalty rather than merit.[33] By law non-Muslims may not serve in the judiciary or the security services, may not be elected outside the five reserved seats, and may not hold senior government, intelligence, or military posts.[34] A 2006 order of the Ministry of Science to 81 universities requires the exclusion of Baha’i students or their expulsion once identified; since 2023 the entrance-exam form has required applicants to renounce their beliefs.[35]

Article 49 courts

The property law closes the circle. The 1984 Law on the Implementation of Article 49 created special courts to confiscate “illicit” wealth, and a March 2000 regulation lists among the property placed at the Supreme Leader’s disposal “properties that are taken from religious minorities due to their leaving of the protection bond of the Islamic government.”[36] The phrase is the classical *dhimma*

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[30] Supreme Revolutionary Cultural Council, memorandum of February 25, 1991, released by U.N. Special Representative Reynaldo Galindo Pohl in 1993; full English text in Baha’i International Community, *Their Progress and Development Are Blocked: The Economic Oppression of Iran’s Baha’is* (October 2015), 37-38, bic.org; quoted in Human Rights Watch, *“The Boot on My Neck”: Iranian Authorities’ Crime of Persecution Against Baha’is in Iran* (April 2024), hrw.org.

[31] Letter of April 9, 2007, discussed and reproduced in Baha’i International Community, *Their Progress and Development Are Blocked*, 23-25 and 43; Iran Human Rights Documentation Center, *Blocked from Progress: Persecution of Iran’s Baha’i Community Since 1979* (May 2022), iranhrdc.org.

[32] Human Rights Watch, *“The Boot on My Neck”*, citing arts. 19 and 29 of the 1981 law and art. 8(34) of the 1993 law and the rulings of April 29, 2007, and July 31, 2016.

[33] Minority Rights Group, *Rights Denied: Violations Against Ethnic and Religious Minorities in Iran* (2018), quoting art. 2 of the 1995 Selection Law, minorityrights.org.

[34] U.S. Department of State, *2023 Report on International Religious Freedom: Iran*, state.gov.

[35] Baha’i International Community, *Their Progress and Development Are Blocked*; Baha’i International Community, “Current Situation of Baha’is in Iran” (June 2025 to June 2026), bic.org.

[36] Justice for Iran, *Findings of the Stolen Lands Database: Executive Headquarters of Imam Khomeini’s Order* (2021), quoting art. 6 of the regulation of March 10, 2000, justice4iran.org.

verbatim: a non-Muslim who leaves the contract forfeits its protection. A 1992 Revolutionary Court ruling confiscating the homes of two Jewish brothers, Musa and Azizullah Moezinia, reasoned that Jews who "have left the protection bond of the Islamic government and resided in the land of infidels" no longer enjoy respect for their property, which passed to the Execution of Imam Khomeini's Order.[37] Emigration, the minority's one remaining exit, is itself a forfeiture.

Discrimination under the penal code

The recognized minorities fare better than the Baha'is and worse than citizens. The penal code's Article 554 equalizes blood money for Christians, Jews, and Zoroastrians, but only "based on the governance decree of the Leader," and not for Baha'is, Mandaeans, or converts; Article 881 bis of the Civil Code barred any non-Muslim from inheriting from a Muslim until a judiciary directive of December 2022 exempted the recognized minorities; Article 1313 conditions a witness's competence on "faith," which Iranian jurists read as Islam.[38] Conversion from Islam is not codified as a crime but is punishable under Article 167 of the constitution and Article 220 of the penal code, which send judges to the fatwas; 139 to 166 Christians were arrested in each of 2023 and 2024, bail is routinely set in property deeds, and the espionage law of October 2025 extended the death penalty to cooperation with Israel in terms that USCIRF says target "Baha'is, Christians, and Jews in Iran with ties to Israel but who pose no demonstrable threat."[39]

5.2 Who leaves, what disappears

The most important fact about Iran's minorities is how few of them remain. The census counted 62,258 Jews in 1976 and 9,826 in 2016; 168,593 Christians in 1976, 97,557 in 1986, and 130,158 in 2016; and 21,400 Zoroastrians in 1976 against 23,109 in 2016, while the national population rose from 33.7 million to 79.9 million.[40] Had the three recognized communities merely grown with the nation, they would number about 148,000 Jews, 400,000 Christians, and 51,000 Zoroastrians today; the shortfall is about 430,000 people before any allowance for the undercount of Armenians, whom the community put at 270,000 to 300,000 before 1979 and the State Department now puts at 20,000 to 50,000 (Armenia's diaspora office says up to 80,000).[41] The Baha'is, about 350,000 at the revolution and perhaps 300,000 now, do not appear in the census at all; growth with the nation would have carried them to about 800,000.[42]

These minorities provided a disproportionate value to the country's economy.

- On the eve of the revolution, Jews were under a quarter of 1 percent of the population and supplied about 6 percent of the country's physicians, 2 percent of its professors, and 4,000 of its 150,000 university students; by 1968 the community was, per capita, the wealthiest Jewish community in Asia or Africa; its families had brought the plastics industry to Iran, built its first skyscraper, and founded its first private insurer.[43]

[37] Ruling quoted in Justice for Iran, *Findings of the Stolen Lands Database: EIKO*.

[38] Law Library of Congress, *Iran: Legal Status of Religious Minorities* (September 2023); Islamic Penal Code of 2013, official translation, arts. 310 and 554, sherloc.unodc.org; Civil Code of the Islamic Republic of Iran, arts. 881 bis and 1313, English translation at faolex.fao.org.

[39] Article18, *Annual Report 2025* (January 2025), articleeighteen.com; USCIRF, *2026 Annual Report*, Iran chapter (March 2026), uscirf.gov.

[40] Statistical Centre of Iran, censuses of 1976, 1986, 2006, 2011, and 2016, as reported to the U.N. Statistics Division Demographic Yearbook and compiled in Iran's 2019 Universal Periodic Review national report; the 1976 and 1986 counts as cited from the Statistical Centre in Nicole Bailey, "Zancouver: The History of Iranian Women Migrants in Vancouver 1978-2007" (M.A. thesis, Simon Fraser University, 2008) and, as "about 62,000," by *Encyclopaedia Iranica*, "Judeo-Persian Communities vi. The Pahlavi Era," iranicaonline.org.

[41] *Encyclopaedia Iranica*, "Armenians of Modern Iran"; U.S. Department of State, *2020* and *2023 Reports on International Religious Freedom: Iran*.

[42] Human Rights Watch, *"The Boot on My Neck"*; U.S. Department of State, *2023 Report*, citing Human Rights Watch data of "at least 300,000."

[43] *Encyclopaedia Iranica*, "Judeo-Persian Communities vi. The Pahlavi Era."

- Armenians supplied, by one deputy's account, 5 percent of Tehran's dentists and 3 percent of its doctors.[44]
- One Baha'i industrialist, Habib Sabet, held stakes in some 40 of Iran's largest companies, employing more than 10,000 people; the revolutionary government expropriated all of them in the spring of 1979, a fact that the Islamic Republic did not seriously dispute before the Iran-U.S. Claims Tribunal.[45]

Iranian Muslims benefited from the enterprise of Habib Elghanian, head of the Tehran Jewish community and a man who, in a community leader's words, "had big factory; 99 percent of his employees were Muslims." He was executed on May 9, 1979, after a revolutionary trial for "economic imperialism"; his company and its property were confiscated, and his family's holdings in Tehran's Plasco and Aluminium buildings were later auctioned in the national press by the Bonyad Mostazafan.[46] By the census of 1986, a decade after the last count under the Shah, the Jewish community had already shrunk by about 60 percent.[47]

The minorities were a small fraction of Iran's population and a large fraction of its exodus. The Iranian diaspora increased in numbers from about 480,000 in 1978 to 3.1 million by 2019, with about a million asylum applications since 1980 and 110,000 Iranian-origin scholars working abroad, 2 percent of whom have returned.[48] The country's professoriate fell from 16,222 before the universities closed in 1980 to 9,042 when they reopened in 1982, and the *Iran Times* estimated that one physician or dentist in three left.[49] Among the Iranians of Los Angeles, home to more than a third of the Iranian-born in the United States, almost 20 percent identify as Armenian, Baha'i, Zoroastrian, or Jewish, against under 2 percent in Iran, and self-employment among Iranian Jews there runs to an estimated 82 percent.[50] Iranian Americans hold graduate degrees at the highest rate of 67 ethnic groups measured by the 2000 U.S. census, and their per capita income runs 50 percent above the national average.[51] The Islamic Republic exported its most educated minorities to its adversaries.

5.3 The strangulation of the Baha'is

The Baha'is who stayed have been subjected to what the Baha'i International Community, in a letter to President Rouhani, called "economic apartheid." More than 15,000 Baha'is lost their jobs or sources of income in the years after 1979; about 15,000 lost their savings when the state froze or seized the community's funds and savings institutions in 1979; the U.N. Special Rapporteur on housing counted at least 640 Baha'i properties seized between 1980 and 2006; and the community documented 780 incidents of direct economic persecution from 2007 to mid-2015, 950 by June 2016, more than 333 in the months after July 2022, more than 750 between June and November

[44] Karen Khanlaryan, quoted in Gohar Iskandaryan, "The Armenian Community in Iran: Issues and Emigration," *Global Campus Human Rights Journal* 3, no. 1 (2019): 127-140.

[45] *Encyclopaedia Iranica*, "Sabet, Habib" (2015); *Aram Sabet v. Iran*, Iran-U.S. Claims Tribunal, Award No. 593-815/816/817-2 (June 30, 1999), discussed in Nancy Amoury Combs, "On Children and Dual Nationality: Sabet and The Islamic Republic of Iran," *Leiden Journal of International Law* 13, no. 1 (2000): 173-191.

[46] Erfan Fard, "Recognized, Yet Suspected," Dhimmitude Project (September 2026); PBS NewsHour, "Despite tension between Iran and Israel, Iran's Jewish minority feels at home," 2018; Justice for Iran, *Findings of the Stolen Lands Database: Bonyad Mostazafan*, justice4iran.org.

[47] Statistical Centre of Iran, censuses of 1976 and 1986, as compiled by Ali Ghadimi, "Has the Islamic Revolution Driven Religious Minorities Out of Iran?" (in Persian), BBC Persian, February 12, 2019, bbc.com/persian/iran-features-47205770; Fard, "Recognized, Yet Suspected," records that estimates of the community at the revolution range from 60,000 to 80,000 and that most of it subsequently emigrated.

[48] Pooya Azadi, Matin Mirramezani, and Mohsen B. Mesgaran, *Migration and Brain Drain from Iran*, Stanford Iran 2040 Project (April 2020), iranian-studies.stanford.edu.

[49] Shirin Hakimzadeh, "Iran: A Vast Diaspora Abroad and Millions of Refugees at Home," Migration Policy Institute (2006), migrationpolicy.org.

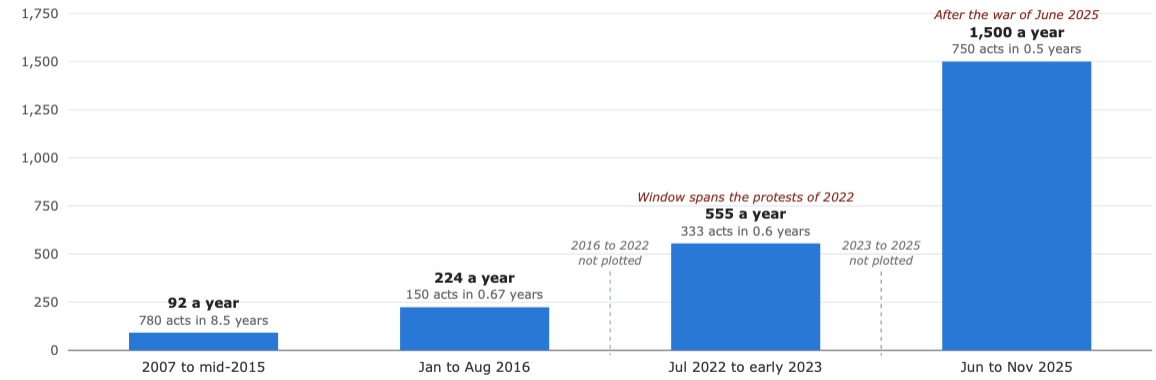
[50] Lior Sternfeld, "Iranian Jewish Los Angeles," UCLA Leve Center for Jewish Studies (2020), citing the 2012 Public Affairs Alliance of Iranian Americans survey and Hamid Naficy, *The Making of Exile Cultures* (1993), sephardiclosangeles.org.

[51] Hakimzadeh, "Iran: A Vast Diaspora Abroad," citing the Iranian Studies Group analysis of the 2000 census.

2025, and more than 400 since the January 2026 protests, a rate that has risen from about two a week to about four a day (figure 4).[52]

Figure 4. Iran: economic persecution of Baha'is ratchets up in crises

Documented acts in four separate reporting windows, each expressed as a yearly rate. The years between windows are not plotted.



Source: Baha'i International Community counts (780 incidents, 2007 to mid-2015; 150 in January to August 2016; 750-plus in June to November 2025) and the U.N. Special Rapporteur's count of 333 from July 2022 to early 2023, annualized by this study. The windows are of unequal length and the counts are minimums: the figure shows steps between separate windows, not a continuous series.

Figure 4. Iran: economic persecution of Baha'is ratchets up in crises (documented reporting windows, annualized).

Figure 4 should be read as a ratchet, not a trend line: the counts come from separate reporting windows of unequal length, and the years between them are not plotted. The two steepest steps coincide with the regime's crises, the window that spans the protests of 2022 and the months after the war of June 2025. The incidents themselves have a pattern. Agents of the Public Places Supervision Office sealed some 80 Baha'i shops in Kerman, Rafsanjan, and Jiroft in October 2014 and 94 in Mazandaran in 2016 for closing on Baha'i holy days, though the trade rules penalize only closures of 15 days or more; the Court of Administrative Justice rejected the Kerman owners' claims in 2018; "closures of Baha'i-owned businesses are technically temporary, but they often last for years."[53] In August 2023, intelligence agents shut, and confiscated, more than 40 pharmacies and warehouses belonging to nine Baha'is who owned or worked in pharmacies.[54] In October 2020, the Special Court for Article 49 expropriated the farms of 27 Baha'i families in the village of Ivel, and minutes of a "top confidential" government commission meeting in Sari a month earlier record a decision "to significantly increase the repression" of the Baha'is in particular.[55] In August 2025, the Isfahan judiciary began notifying Baha'i families by text message that their homes, vehicles, and assets were being seized under Article 49; a judge told the community he intended to confiscate the assets of all of Isfahan's Baha'is.[56]

Every one of these acts also costs Muslims. When the Khanjani family's automated brick factory was confiscated in 1980, "several hundred" employees lost their jobs; when the family's 250-acre orchard near Semnan, with 40,000 trees and 50 year-round jobs, was bulldozed in 2010, so did its workers; when a Baha'i-owned vertical-blind factory in Semnan was closed in 2012, 36 of its 51 staff were not Baha'is; when a Tehran distributor was shut later that year, 70 people were dismissed.[57] The exclusion from universities, enforced for 45 entering cohorts, has pushed a community with above-

[52] Baha'i International Community, *Their Progress and Development Are Blocked*, 2-5, 23-24; Iran Human Rights Documentation Center, *Blocked from Progress* (2022), for the 15,000 jobs; Baha'i International Community, *Overview of the Persecution of Baha'is in Iran* (September 2016); U.S. Department of State, *2023 Report*, citing U.N. Special Rapporteur Javaid Rehman; Baha'i International Community, "Current Situation."

[53] Iran Human Rights Documentation Center, *Blocked from Progress*.

[54] U.S. Department of State, *2023 Report*.

[55] U.K. House of Commons Library, Debate Pack CDP-2021-0062 (April 19, 2021), citing FIDH and the League for the Defence of Human Rights in Iran, researchbriefings.files.parliament.uk; Erfan Fard, "Neo-Dhimmitude in Iran: Religious Hierarchy and Minority Life Under the Islamic Republic," Dhimmitude Project (August 22, 2026).

[56] Iran International, August 20, 2025; *The Telegraph*, August 23, 2025; USCIRF, *2026 Annual Report*, Iran chapter.

[57] Baha'i International Community, *Their Progress and Development Are Blocked*, 5, 8-9.

average education before 1979 into what the community's own report calls "low-paying jobs or unemployment," and the Baha'i Institute for Higher Education, the underground university built by expelled academics in 1987, has been raided and its teachers imprisoned.[58] The community's verdict on the regime is clear: "Iran has deprived itself of considerable human and financial capital."[59]

5.4 Where the property went

Confiscated minority property did not return to the market. It went to two bodies beholden to the Supreme Leader. A six-month Reuters investigation in 2013 found that the Execution of Imam Khomeini's Order, known as *Setad* ("headquarters"), had built holdings worth about $95 billion, roughly 40 percent more than Iran's oil exports in 2012, "on the systematic seizure of thousands of properties belonging to ordinary Iranians: members of religious minorities like Vahdat-e-Hagh, who is Baha'i, as well as Shi'ite Muslims, business people and Iranians living abroad."[60] Justice for Iran's Stolen Lands database holds some 60,000 properties confiscated over four decades; from 163 auction advertisements in the national press, it records that *Setad* advertised 23,164 confiscated properties between 1997 and 2019, in 266 cities and covering 580 million square meters, with combined minimum bids of $5.7 billion at the exchange rates of the day, and that the Bonyad Mostazafan (which, ironically enough, means "Foundation of the Oppressed")[61] advertised at least 24,839 more, 532 million square meters, with minimum bids of $3.5 billion. Where the owners could be identified, "a vast majority" belonged to religious minorities; all 54 identified Bonyad properties did, most of them Baha'i and Jewish.[62] The auctioned properties are the tail: the foundations keep the valuable ones. The Bonyad alone now owns 174 companies with 45,000 employees and produces a tenth of the country's steel.[63]

No published figure values the minority property seized since 1979. Menashe Amir's estimate that the Jews who left on the eve of the revolution abandoned property worth "over one billion" dollars in 1979 money is the only community-level number, and it predates four decades of further seizures.[64] This study therefore values the stock in a range. The floor, $9 billion, is a composite of two documented quantities and one stated assumption. Amir's billion dollars of 1979 is $4.3 billion in 2024 dollars on the U.S. consumer price index, before any allowance for the rise in Tehran land values. To it the study adds half of the $9.1 billion in minimum bids that the two foundations advertised, about $4.6 billion. Half is an assumption: the foundations also took the property of Shi'ite exiles and of the old elite, and although nearly every property whose owner Justice for Iran could identify belonged to a member of a religious minority, those properties number fewer than a hundred and were not drawn at random. Setting the share at a quarter or at three quarters would move the floor to about $7 billion or $11 billion, and the low-scenario total by less than 0.01 percent of GDP. The two components may overlap where Jewish property abandoned in 1979 was auctioned later. Against that, minimum bids are reserve prices and not market values, and the floor counts nothing for what was never auctioned or never valued: Habib Sabet's companies, the 640 Baha'i properties the U.N. rapporteur counted, the farms of Ivel, and the pharmacies and homes seized since 2023. The central value is $25 billion and the high value $60 billion, well under the Setad total. Each is an

[58] Baha'i International Community, *Their Progress and Development Are Blocked*, chap. 4, for the quotation; Baha'i International Community, statement to the U.N. Commission on Human Rights, E/CN.4/1999/NGO/13; Iran Human Rights Documentation Center, *Blocked from Progress*, on the 2011 convictions.

[59] Baha'i International Community, *Their Progress and Development Are Blocked*, 8.

[60] Reuters, "Assets of the Ayatollah," November 11, 2013, reuters.com/investigates/iran.

[61] "While Bonyad Mostazafan is ostensibly a charitable organization charged with providing benefits to the poor and oppressed, its holdings are expropriated from the Iranian people and are used by the Supreme Leader Ali Khamenei to enrich his office, reward his political allies, and persecute the regime's enemies," reports the U.S. Department of the Treasury. U.S. Department of the Treasury, "Treasury Targets Vast Supreme Leader Patronage Network and Iran's Minister of Intelligence," press release, November 18, 2020, https://home.treasury.gov/news/press-releases/sm1185.

[62] Justice for Iran, *Findings of the Stolen Lands Database: EIKO* and *Bonyad Mostazafan*; Justice for Iran, *2019 Impact Report*.

[63] Justice for Iran, *Findings of the Stolen Lands Database: Bonyad Mostazafan*.

[64] Liora Hendelman-Baavur, "The Islamic Republic of Iran (1979-2009)," in *Jewish Communities of Iran* (New York: Encyclopaedia Iranica Foundation, 2011), 71-80.

assumption, and each is stated as one. In the low scenario the property channel contributes 0.03 percent of GDP, so no finding rests on the floor.

5.5 The ledger

The Iranian ledger is dominated by what left, not by what remains, because the regime has already removed most of its minorities from the economy.

On the minority side, the model estimates the impact of excluding the roughly 300,000 Baha'is, 163,000 recognized minority members counted in the census, and a central 400,000 converts and unrecognized Christians who must hide their faith to work. It assumes that Baha'is earn 35 percent less than they otherwise would (25 to 50 percent), consistent with the regime's own instruction to cap them at "an ordinary livelihood" after barring them from the public sector, the universities, more than 25 trades, and the pension system; that recognized minorities lose 15 percent (10 to 25 percent) to the ceilings on senior posts, the judiciary, the officer corps, and the courts; and that converts lose 10 percent (5 to 15) to concealment and arrest. The result, with each worker valued at Iran's output per worker outside oil and gas, is about $0.9 billion a year ($0.3 billion to $2.0 billion), or about 20 percent of the income these communities would otherwise earn, and about $3,400 for each minority household in a country whose income per head is about $5,200. The percentage is a weighted average of the three groups' rates, and its range, 13 to 31 percent, holds the sizes of the groups at their central values so that it reflects the rates alone. Letting the sizes vary as well, as the dollar range does, would give a narrower and misleading band, because the low scenario counts no converts, the group with the smallest loss, and so raises the average. The stock of expropriated property adds $25 billion ($9 billion to $60 billion).

On the majority side, the model estimates three costs.

- The misallocation, or the loss when the posts a Baha'i engineer or an Armenian physician would have filled are filled by ideologically screened replacements, is worth about 0.14 percent of GDP.
- Emigration, valued as the share of the departed minorities' output that would have accrued to other Iranians through taxes, employers, customers, and knowledge, is worth about 0.35 percent of GDP. The estimate starts from a minority-origin diaspora of about 350,000 workers (240,000 to 480,000), 55 percent of them tertiary-educated, attributes three quarters of their departure (60 to 85 percent) to subordination, and values each at output per worker outside oil and gas. The attribution is deliberately low. Minorities were under 2 percent of Iran's population and are almost 20 percent of the Iranians of Los Angeles, and two thirds or more of the country's Jews and Armenians left, against under 4 percent of the population as a whole; those differences alone would support an attribution above 90 percent. The remainder is left to the war with Iraq, the collapse of the economy, and the pull of the West, which moved Muslim Iranians too. Counted gross, the emigration channel alone is 1.2 percent of GDP, about $5.6 billion a year of lost national output.
- Expropriated capital, managed by foundations at a productivity discount of 40 percent (25 to 60), costs another 0.17 percent. The total is 0.7 percent of GDP, about $3.1 billion a year, with a range of 0.2 to 2.1 percent, $0.8 billion to $9.9 billion: three and a half times the minority's own annual loss. Adding both sides of the ledger, neither of which contains a transfer in Iran's case, the output forgone is about $4.0 billion a year, and the total since 1980 is $114 billion in constant 2015 dollars, with a range of $33 billion to $334 billion.

Three comparisons put the figure in proportion. Iranian ministers have priced the country's entire brain drain at $38 billion a year (2006) and $150 billion (2014), and the World Bank at about $50 billion; this study's gross figure for the minority share alone is $5.6 billion, between a tenth and a

seventh of the two lower totals, for communities that make up about a fifth of the diaspora where it has been counted. The study prices an emigrant more cautiously than the Iranian government does.[65]

Mohammad Reza Farzanegan's synthetic-control study finds that the revolution and the war with Iraq cost the average Iranian $3,150 a year in real income between 1978 and 1988, 40 percent of what he would otherwise have earned.[66] And Nuno Garoupa and Rok Spruk find that Iran's GDP per capita sits 46 to 54 percent below its synthetic peer at the end of their sample, a gap they attribute to the 1979 institutional rupture rather than to war or sanctions.[67] Religious subordination is one strand of that rupture. The *gozinesh* rule that excludes minorities also screens the Shi'ite majority for loyalty over merit, which is why the institutional cost is economy-wide and why this study's figure, which prices only the minorities, is a floor.

The plainest measure needs no estimate or model to calculate. On the World Bank's national accounts in constant 2015 dollars, Iran's real GDP per capita in 2024, $5,834, is 21 percent below its level of 1976, $7,422. Over the same years Turkey's rose from $4,092 to $15,395, nearly fourfold, and South Korea's from $3,294 to $37,048, elevenfold. Figure 3 plots a different series, the Maddison Project's estimates in 2011 international dollars at purchasing-power parity, which run to 2022. The two are built differently and should not be read against each other: the World Bank series expresses each year's output in the prices and exchange rate of 2015, the Maddison series in international prices. The difference matters most for an oil exporter measured from the top of an oil boom, as Iran is when the base year is 1976, because the two series weight that boom's output differently. On the Maddison series Iran's income per head rose 1.7-fold in 46 years, a little over 1 percent a year, while Turkey's rose 4.5-fold and South Korea's 8.5-fold. On either measure Iran is the laggard by a wide margin (figure 3).[68]

5.6 What the war does not explain

As this study went to press, Iran was in a war that began with U.S. and Israeli strikes in late February 2026, after the twelve-day war of June 2025 and the protests of January 2026. The Strait of Hormuz is disrupted, U.S. forces blockade Iranian ports, no crude was loaded in September 2026, the Statistical Centre reported GDP down 10 percent year on year in the spring quarter, and the IMF's October 2026 outlook projects a 7.6 percent contraction for the year.[69] None of that is attributable to minority policy, and this study attributes none of it. Its argument rests on the trajectory from 1976 to 2024 and on the counterfactual studies, not on the current quarter.

The war does, however, exacerbate the impact of dhimmitude on the nation's economy. The Baha'i International Community documented three times as many persecutory acts between June and November 2025 as in the same months of 2024; at least 35 Jews were summoned for interrogation about ties to Israel in June 2025; Jewish community leaders were coerced into public statements of support; the espionage law of October 2025 widened the death penalty.[70] A regime that scapegoats and expropriates its most educated minorities in wartime forgoes exactly the human and financial capital it will need to recover.

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[65] Hakimzadeh, "Iran: A Vast Diaspora Abroad"; Migration Policy Institute, "Iran Loses Highly Educated and Skilled Citizens During Long-Running Brain Drain" (April 22, 2021); Reza Faraji Dana's estimate as reported by IRNA, January 7, 2014.

[66] Mohammad Reza Farzanegan, "The Economic Cost of the Islamic Revolution and War for Iran: Synthetic Counterfactual Evidence," *Defence and Peace Economics* 33, no. 2 (2022): 129-149.

[67] Garoupa and Spruk, "Revolutions as Structural Breaks."

[68] World Bank, World Development Indicators, NY.GDP.PCAP.KD, retrieved October 14, 2026; Maddison Project Database 2023 (Bolt and van Zanden 2024), real GDP per capita in 2011 international dollars, for the purchasing-power series.

[69] IMF, *World Economic Outlook*, October 2026, as reported by Al Jazeera and Iran International, October 13, 2026; Statistical Centre of Iran quarterly accounts as reported by Iran International.

[70] Baha'i International Community, "Current Situation"; Fard, "Recognized, Yet Suspected," citing *Times of Israel*, June 29, 2025, and *Ynet*, June 17, 2025; USCIRF, *2026 Annual Report*, Iran chapter.

6. Egypt: the hard case

6.1 Equal in law, fenced in practice

Egypt's Copts are the largest Christian community in the Middle East and the oldest continuous population in the country. How large is itself contested, because the state has not published a national census figure for religion since 1986, when it counted 2.83 million Christians, 5.9 percent of the population, down from a peak of 8.3 percent in 1927 (the 1996 census released a figure of 5.7 percent for 23 governorates only). The 2008 Demographic and Health Survey found about 5 percent; the State Department and USCIRF use "about 10 percent"; Pope Tawadros II claims 15 million, or 12 percent of the population, with 2 million more abroad, a figure no census or survey supports.[71] This study carries 6 percent as its low case, 10 percent as its high case, and 8 percent as central: between 7 million and 12 million people.

The subordination of this population is not written in one statute, which is what makes Egypt the hard case rather than the harshest. The constitution of 2014 declares citizens equal and freedom of belief "absolute." But its second article makes "the principles of Islamic Sharia" the principal source of legislation, and three mechanisms do the work the classical disabilities once did.

The first is the church. Until 2005 a Copt needed presidential approval to repair a church, and until 2016, a presidential decree to build one, a regime that Egyptian rights groups trace to the Ottoman Hamayouni Decree of 1856.[72] Law 80 of 2016 moved the power to governors, who must answer within four months with reasons, but sized each church to the Christian population of its area, provided no appeal, and left the existing stock of unlicensed churches to a cabinet committee. By June 2023 the committee had regularized 2,973 of 3,730 applications; by April 2026, 3,804 of 5,415, with between 1,600 and 2,000 still pending. The Egyptian Initiative for Personal Rights had counted 22 existing churches closed by the security services after they applied.[73] The Hanafi rule that "it is not permitted to build a new church or synagogue in the Muslim lands" survives as a licensing bottleneck.

The second is conversion. The state records conversion to Islam but not from it. When Mohammed Hegazy, born Muslim, sued in 2007 to change the religion on his identity card to Christian, the Cairo administrative court ruled in January 2008 that "he can believe whatever he wants in his heart, but on paper he can't convert"; his home was set on fire, and he went into hiding.[74] Article 98(f) of the penal code, which punishes "disdaining and disrespecting" the heavenly religions with up to five years' imprisonment, is used against converts and critics: Augustinos Samaan was sentenced to five years in January 2026 for insulting Islam, and Said Abdelrazek was referred to a terrorism court in April 2026.[75]

The third is the reconciliation session. When a Muslim mob attacks Christian homes, the police restore order, detain the Christian men who defended their families, and then convene a customary

[71] Cornelis Hulsman, "Discrepancies Between Coptic Statistics in the Egyptian Census and Estimates Provided by the Coptic Orthodox Church," *MIDEO* 29 (2012): 419-482, compiling Courbage and Fargues; Pew Research Center, "How Many Christians Are There in Egypt?" February 16, 2011, pewresearch.org; Samuel Tadros, "Counting Coptic Christians in Egypt," *Providence*, May 26, 2023; U.S. Department of State, *2023 Report on International Religious Freedom: Egypt*, state.gov; *Egypt Independent*, December 5, 2018.

[72] Egyptian Initiative for Personal Rights, "19th Century Ideas and Laws Govern the Use of Houses of Worship in Egypt," December 24, 2014, eipr.org.

[73] Sadek, "Controversy over New Egyptian Law"; U.S. Department of State, *2023 Report: Egypt*; USCIRF, *2026 Annual Report*, Egypt chapter; Minority Rights Group, "Copts in Egypt," minorityrights.org; Egyptian Initiative for Personal Rights, press statements of April 30, 2018, and April 15, 2019, eipr.org.

[74] Stephanie Winer, "Dissident Watch: Mohammed Hegazy," *Middle East Quarterly* 17, no. 1 (Winter 2010), meforum.org.

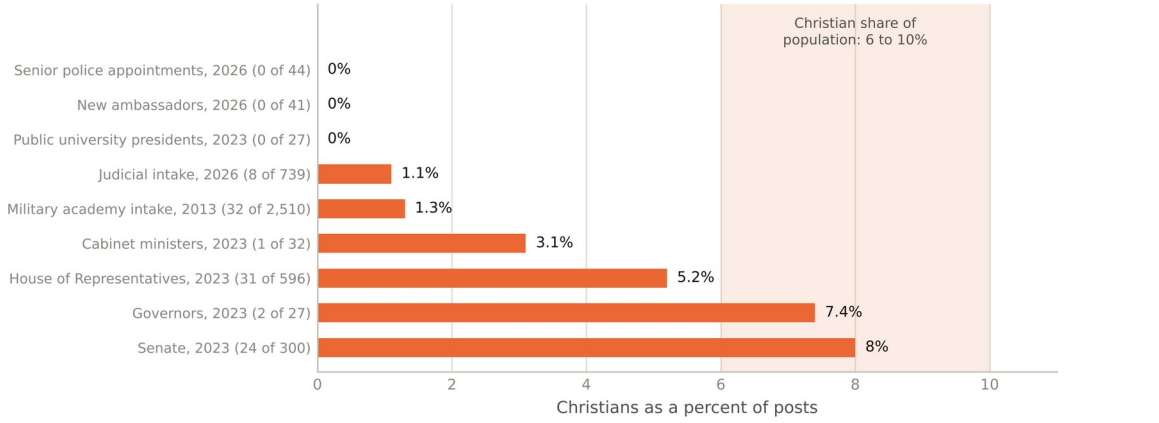
[75] USCIRF, *2026 Annual Report*, Egypt chapter; Coptic Solidarity, reprint of Fox News, July 29, 2026; Coptic Solidarity, "Augustinos Samaan Sentenced to Five Years in Prison for 'Derision of Islam,'" January 7, 2026; Coptic Solidarity, "Egypt Refers Christian Convert to Terrorism Court," April 13, 2026; Amnesty International, "Egypt: Tortured Convert on Trial for His Religious Beliefs: Said Abdelrazek," MDE 12/0973/2026, May 7, 2026.

session at which the victims withdraw their complaints in exchange for the release of their relatives. In October 2025 in Nazlet Gelf, Minya, a mob burned Christian homes and businesses and expelled the village's Christians over a rumor about a young Christian man and a Muslim girl; the session exiled the man's family, fined it heavily, and barred it from speaking, while the Interior Ministry called the affair "a dispute between two families." In July 2026, a mob in Tal al-Quiblya, also in Minya, stoned a church and injured worshippers; the police arrested four of the Christian victims and freed them two days later after they dropped their complaint.[76] The pattern predates both cases: the State Department's account of a session in Ashrouba in January 2023 records that the Coptic victims received no compensation when, after a minor car accident, "Copt-owned shops were looted and stones were thrown at a church." Police made arrests, but "reportedly all of those arrested were released." [77] A system in which the victim's protection depends on his submission rather than on the law is dhimmitude in its purest modern form, and it is the Egyptian state that imposes it.

6.2 The glass ceiling

Where the Egyptian version of dhimmitude becomes measurable is at the top of the state. Figure 5 sets the Christian share of posts against the Christian share of the population.

Figure 5. Egypt: Christians in the state, against their share of the population



Sources: Coptic Solidarity (Aug. 2, 2026) for the 2026 police, ambassador and judicial counts; The Century Foundation (Hanna, 2019) for the 2013 military intake; U.S. State Department, 2023 International Religious Freedom Report, for cabinet, governors, parliament and universities.

Figure 5. Egypt: Christians in the state, against their share of the population.

In the Interior Ministry's 2026 reshuffle, 44 senior appointments could be identified by name; none went to a Copt. Of 41 new ambassadors posted that year to capitals including Washington, Ottawa, Beijing, and Berlin, none was Coptic. Of 739 appointees to the Administrative Prosecution and the State Lawsuits Authority, eight were Copts, or 1.1 percent.[78] A 2013 report on the military academies found 32 Christians among 2,510 entering students, only 1.3 percent; the Century Foundation's study of the security state found Christian exclusion from the National Security Agency "total," no Copt on the Supreme Council of the Armed Forces from 2011 to 2019, and opacity that is, in the words of its author, Michael Wahid Hanna, "a design feature of Egyptian authoritarianism."[79] No Christian heads any of the 27 public universities; one or two of 27 governors and one or two of about 31 ministers are Christians; 31 of the 596 members of the House of Representatives elected in 2020 were, against 24 reserved seats.[80] The pattern is old. In 1996 the Ibn Khaldun Center counted ten

[76] Ibrahim, "Egypt's Muslim/Christian 'Reconciliation Sessions.'"

[77] U.S. Department of State, *2023 Report: Egypt*.

[78] Coptic Solidarity, "Egypt's 2026 Police Leadership Reshuffle Exposes a Deeper Pattern of Coptic Exclusion from State Institutions," August 2, 2026, copticsolidarity.org; the counts are the organization's own.

[79] Michael Wahid Hanna, "Excluded and Unequal: Copts on the Margins of the Egyptian Security State," The Century Foundation, May 9, 2019, tcf.org.

[80] U.S. Department of State, *2023 Report: Egypt*; Coptic Solidarity, reprint of Fox News, July 29, 2026.

Coptic board chairmen among 3,600 public-sector companies, one Coptic ambassador among 127, no Coptic governor, and no Coptic university president.[81]

The private economy tells the opposite story. Three of the Arab world's billionaires belong to the Sawiris family, and Naguib Sawiris ranks fifth on the 2026 Forbes Middle East list at $5.6 billion.[82] Copts are prominent in medicine, pharmacy, engineering, and commerce, though no source measures their share of any profession. Still, the evidence indicates that Egypt's Christian minority is allowed into the market and fenced out of the "sovereign" institutions, the military, police, intelligence, judiciary, diplomacy, and governorates, which in Egypt also control the largest state-owned economic conglomerates. The Copt is shut out of the patronage economy, not only of the jobs.

Two bodies of evidence give that sorting an economic meaning. The first concerns what Copts bring to the labor market. Mohamed Saleh's study of Egypt's census samples of 1848 and 1868 documents a Coptic advantage in occupation and socioeconomic status, the product of a poll tax that over centuries selected the better-off to remain Christian, and explains why the advantage persisted.[83] The second concerns what they are kept from. Ragui Assaad's studies of the Egyptian labor market show that public employment is the prize: educated Egyptians queue for government posts for their security and non-wage benefits, and the private sector absorbs graduates on worse terms.[84] Labor-force surveys in Egypt do not record religion, so the sorting of Copts into private employment cannot be measured directly, and no contemporary survey prices a Coptic earnings premium. What can be said is that a community with a documented historical advantage in skills is under-represented where the best-protected jobs are. The ledger prices that mismatch, and it carries a skill premium for Copts of no more than a tenth in the central case and none in the low case.

6.3 The natural experiment: 1947 to 1961

Before 1952 Egypt's non-Muslim minorities and resident foreigners dominated the commanding heights of its economy. Jews, about 75,000 to 80,000 people in 1948, took part in founding 34.5 percent of the companies established in Egypt between 1885 and 1960, and Greeks, about 57,000, took part in founding 22.7 percent; a 1938 French estimate put foreign capital at about 47 percent of total national wealth, and contemporary calculations put more than three quarters of non-land property in foreign or minority hands.[85] The Coptic elite had supplied two prime ministers, in 1908 and 1919.

Fifteen years later it was a different story. Law 138 of 1947 required that Egyptians hold 75 percent of salaried posts, 90 percent of worker posts, and 51 percent of the capital of joint-stock companies within three years. After the Suez war, between November 1956 and March 1957, the government sequestered at least 500 Jewish-owned firms and blacklisted 800 more, 95 percent of them Jewish-owned, arrested about 900 Jews and interned 500 of them, gave heads of families two to seven days to leave, and watched 23,000 to 25,000 Jews depart by the end of 1958; the custodian deducted 10 percent of the value of sequestered property for "administrative purposes," and the Smouha family, which claimed £12 million for Smouha City in Alexandria, settled for about a

[81] Saad Eddin Ibrahim et al., *The Copts of Egypt* (London: Minority Rights Group and Ibn Khaldun Center, January 1996), as summarized by Karim El-Gawhary, "Copts in the Egyptian Fabric," *MERIP* 200 (September 1996).

[82] Forbes Middle East, "The World's Richest Arabs 2026."

[83] Saleh, "On the Road to Heaven."

[84] Ragui Assaad, "The Effects of Public Sector Hiring and Compensation Policies on the Egyptian Labor Market," *World Bank Economic Review* 11, no. 1 (January 1997): 85-118; Assaad, "Making Sense of Arab Labor Markets: The Enduring Legacy of Dualism," *IZA Journal of Labor & Development* 3, article 6 (2014).

[85] Mohamed Magdy, "How Egypt Lost Two of Its Most Dynamic Communities," *Al Majalla*, July 16, 2026, reporting Naglaa Abdel Haq's analysis of company records; Joel Beinin, *The Dispersion of Egyptian Jewry* (Berkeley: University of California Press, 1998), on the 1947 census count of 65,639 and the estimate of 75,000 to 80,000; *L'Egypte Indépendante* (Paris, 1938), 144-145, as cited in Tony Cliff, "Industry and Banking in Egypt" (1946).

quarter.[86] Law 117 of July 1961 nationalized the cotton trade, banking, insurance, wholesale commerce, and heavy industry. The Greeks were mostly gone by the mid-1960s. The Coptic elite, by Minority Rights Group's account, lost three quarters of its property to the nationalizations and its endowments to the 1957 seizure.[87] Six to ten Jews remain in Egypt today.[88]

No study has priced what Egypt lost. The measures were bundled with anti-foreign and socialist policy, so the minority-specific share cannot be isolated cleanly, and this study does not add the episode to its annual ledger. It belongs here because it is the demonstrated ceiling of what exclusion costs an economy: two communities, together under 1 percent of the population, that had taken part in founding more than a third and more than a fifth, respectively, of the companies established in the country over 75 years were removed in a decade and a half, and the state that removed them then spent 40 years trying to rebuild, under public ownership, the banking, trade, and manufacturing capacity it had expropriated. Figure 3 shows the result: Egypt's real income per head rose 9.2 times between 1952 and 2022 while Turkey's rose 10.8 times and South Korea's 39.8 times.

6.4 Emigration

Estimates of the Coptic diaspora vary widely depending on who is counted. Around 2010, Pew counted roughly 160,000 Egyptian-born Christians living in the United States, Canada, and Australia. The Coptic Church puts its diaspora at 2 million in 60 countries, a figure that includes emigrants' descendants. For scale, Egypt's government estimated that 10.2 million Egyptians of all faiths lived abroad in 2017, 68 percent of them in Arab states.[89]

Two features distinguish the Coptic diaspora. First, it went west, to the OECD countries where skill selection is tightest and where 78 percent of Egyptian emigrants have medium or high education, rather than to the Gulf, where most Muslim Egyptians go on temporary contracts.[90] Second, it is permanent. If 1 million to 2 million Copts live abroad against 7 million to 12 million at home, then roughly a tenth to a fifth of all living Copts have left, against about 8 or 9 percent of Egyptians as a whole, and the Copts' departures, unlike the Gulf workers', do not return.

This study does not blame discrimination for all of that extra emigration. Copts, like other Egyptians, also leave for better pay and opportunity. The study's central estimate is that 400,000 Coptic workers live abroad, within a range of 150,000 to 800,000, and that 60 percent of them have university degrees. It attributes 55 percent of their emigration to the discrimination described above, within a range of 40 to 70 percent, and the rest to the economic motives that drive Egyptians of every faith to leave. No source reports what share of Egypt's emigrants, remittances, or departing skills are Coptic, so these figures are the study's own assumptions. The annex lists each one.

6.5 The ledger

The Egyptian ledger includes only what can be measured, and that is likely less than the actual harm caused by the oppression of Copts. On the minority side, the model counts the Copts pushed out of the public sector, which employs 16 to 20 percent of Egyptian workers, by representation ratios of about 0.15 of parity in the sovereign institutions and an assumed 0.5 to 0.8 elsewhere, and values their displacement at the over-education penalty of 8 to 27 percent of earnings, applied to a skill premium of 10 percent (zero to 20) that reflects the Coptic advantage in skills documented in section 6.2. The result is about $0.4 billion a year ($0.1 billion to $1.4 billion), about 1.2 percent of the

[86] Beinin, *The Dispersion of Egyptian Jewry*; Lyn Julius, "The Suez Crisis and the Jews of Egypt," *Fathom* (Autumn 2017), citing Gudrun Krämer, Michael Laskier, and Michael Fischbach; Haroun Elias, "The Mechanics of Departure: Law, Citizenship, and the End of Egypt's Cosmopolitan Era," *Fathom* (June 2026).

[87] Minority Rights Group, "Copts in Egypt."

[88] U.S. Department of State, *2023 Report: Egypt*.

[89] Pew Research Center, "How Many Christians Are There in Egypt?"; *Egypt Independent*, December 5, 2018; CAPMAS, Foreign Ministry estimate for 2017, as reported by *Egypt Today*, June 19, 2019.

[90] CARIM, *Migration Profile: Egypt*, Robert Schuman Centre (April 2010), gfmd.org.

Christian community's income and $180 per Christian household. The figure is small because a Copt barred from the officer corps who becomes a pharmacist loses little income, and because the sovereign sector, though it is the apex of the state, employs few people. It omits the homes and businesses burned in village attacks, the ransoms paid for kidnapped relatives (69 Christians were abducted in Minya governorate in 2013 alone, at ransoms of 50,000 to several million Egyptian pounds), and the fines levied in reconciliation sessions.[91]

On the majority side, misallocation costs about 0.1 percent of GDP, the lower quality of a judiciary, a police, and a diplomatic corps recruited by creed; emigration costs about 0.3 percent of GDP net and 1.0 percent gross, about $3.7 billion a year of lost national output; expropriation adds nothing, because the current regime takes churches and homes rather than firms. The total is 0.4 percent of GDP, about $1.4 billion a year, with a range of 0.1 to 1.5 percent, $0.2 billion to $6.0 billion, more than three times the minority's own annual loss. Adding both sides of the ledger, neither of which contains a transfer in Egypt's case, the output forgone is about $1.8 billion a year, and the cumulative total since 1960 is $44 billion in constant 2015 dollars ($8 billion to $176 billion).

Egypt's number is the smallest of the three, and the reason is instructive. The Egyptian state allows its Christians into commerce and keeps them out of its own senior ranks. The cost of that policy shows up as a lower-quality state and a slow demographic bleed rather than as a large annual output loss, and it is a cost the ledger undercounts: no model prices what it means for a country of 118 million to recruit its generals, judges, and ambassadors from 90 percent of its talent. The largest loss came between 1947 and 1961, when the state drove out its Jewish and Greek entrepreneurs, and it cannot be recovered. What the country loses today is smaller but recurs every year: the cost of keeping Copts out of the upper ranks of the state, and of the emigration that follows.

7. Malaysia: the mild case

7.1 A preference written as ethnicity and defined by faith

Malaysia is the mild case because its non-Muslim minorities are large, prosperous, and free to practice their religions, and because the state's preference for the majority is openly legislated rather than enforced by mob or fatwa. It belongs in a study of dhimmitude because the preference is, for the Peninsular majority, a religious one. Article 160 of the Federal Constitution defines a Malay as "a person who professes the religion of Islam, habitually speaks the Malay language, [and] conforms to Malay custom"; the Higher Education Ministry's admissions guidebook defines a Peninsular Bumiputera, or native Malaysian, as a child with a "Muslim Malay" parent; and, as Malaysian lawyers read the clause, a Malay who leaves Islam ceases to be a Malay in law.[92] Article 153 entrenches the "special position" of Malays and the natives of Sabah and Sarawak in public employment, scholarships, and trade licenses; it can be amended only by a two-thirds majority with the consent of the Conference of Rulers, and since 1970 questioning it has been sedition.[93] The preference is not purely confessional: the indigenous peoples of Sabah and Sarawak, many of them Christian, are Bumiputera, and a non-Malay who converts to Islam does not become one (section 3.4). On the Peninsula, however, the line between the favored and the unfavored is a religious one, and it cannot be crossed outward. Leaving Islam requires the leave of a syariah court. In the *Lina Joy* case of 2007, the Federal Court held, two to one, that a Malay-born woman baptized in 1998 could not have "Islam" removed from her identity card without a judicial ruling. In May 2025, the Court of Appeal

[91] International Christian Concern, January 23, 2014, citing Ezzat Ibrahim of the World Center for Human Rights in Minya and Asyut.

[92] Federal Constitution of Malaysia, art. 160(2); Andrew Yong, "Myth of the Constitution: 'A Malay Is Automatically a Muslim,'" LoyarBurok, November 18, 2010; Murugesan Sinnandavar, "Bumiputera Status: To Be or Not to Be," *Free Malaysia Today*, July 21, 2017.

[93] Abdul Aziz Abdul Rahman, "Article 153 Intended for Long Term," *New Sunday Times*, July 6, 2008, reproduced by the Malaysian Bar.

refused a man who had converted to Islam 14 years earlier the right to return to Christianity. Apostasy is a crime in Perak, Melaka, Sabah, and Pahang, and Kelantan and Terengganu keep the death penalty on their books for it. It is never applied, however.[94]

On that constitutional base, the New Economic Policy of 1971 and its successors built the most elaborate preference regime in the Muslim world. The NEP set a target of 30 percent Bumiputera ownership of corporate equity by 1990, from 2.4 percent in 1970; the target has been restated in every plan since, most recently in the 2024 PuTERA35 program, which aims at 30 percent by 2035 from 18.4 percent in 2020, and the 13th Malaysia Plan of 2026, which carries a 430 billion ringgit development envelope.[95] Public universities draw on a matriculation stream reserved 90 percent for Bumiputera; admissions to public universities were 81.9 percent Bumiputera in 2022; the Bumiputera-only MARA University of Technology enrolls 187,539 students.[96] The civil service is 77.5 percent Malay, 5.7 percent Chinese, and 3.8 percent Indian, against 18.8 percent Chinese and 15.7 percent Indian in 1969-70; the armed forces are 0.13 percent Chinese.[97] Every listing on the Bursa's main market must allocate 12.5 percent of its enlarged share capital to Bumiputera investors; state rules reserve a median 30 percent of the units in new housing developments for Bumiputera buyers at a median 7 percent discount, which developers recover from everyone else; import permits, government contracts, and licenses carry Bumiputera set-asides; and the 2022 budget allocated 11.4 billion ringgit to the Bumiputera agenda.[98]

The minorities are large. Chinese Malaysians were 37.2 percent of the Peninsular population in 1957 and are 23.2 percent of citizens nationally today; Indians fell from 11.1 to 6.7 percent. By religion, Muslims are 63.5 percent of the population, Buddhists 18.7, Christians 9.1, and Hindus 6.1.[99] Minorities remain the country's most prosperous citizens: mean monthly household income in 2024 was 11,494 ringgit for Chinese households, 9,841 for Indian, and 8,220 for Bumiputera, a Chinese-to-Bumiputera ratio of 1.4 to 1, down from 2.3 to 1 in 1970.[100] The regime did what it set out to do for the Malay poor, and this assessment does not dispute it.

The question here is what it cost.

7.2 Who leaves

The cost shows up in the diaspora. The World Bank's 2011 *Malaysia Economic Monitor* on brain drain, the most careful study of the subject, put the Malaysian diaspora at one million people in 2010, up from 750,000 a decade earlier, with a third of them tertiary-educated. "One out of ten Malaysians with a tertiary degree migrated in 2000 to an OECD country, this is twice the world average[,] and including Singapore would make this two out of ten." Singapore alone holds 57 percent of the diaspora, and "ethnic Chinese account for almost 90 percent of the Malaysian diaspora in Singapore": 88 percent in 2010, against a Chinese share of about a quarter of citizens at

[94] Al Jazeera, May 30, 2007; USCIRF, *2026 Annual Report*, Malaysia chapter, uscirf.gov; U.S. Department of State, *2023 Report on International Religious Freedom: Malaysia*.

[95] Lee Hwok Aun, "Malaysia's New Economic Policy and the 30% Bumiputera Equity Target: Time for a Revisit and a Reset," *ISEAS Perspective* 2021/36 (March 25, 2021), on the New Economic Policy at fifty, iseas.edu.sg; TERAJU, "Govt Aims to Have Bumiputera Holding 70% of High-Skilled Jobs, 30% Equity Ownership by 2035," August 19, 2024.

[96] *Free Malaysia Today*, "Explained: Malaysia's Quota System in Higher Education," January 17, 2024; *Malay Mail*, December 22, 2023, and July 1, 2024; UiTM, *Facts and Figures 2023*.

[97] Lee Hwok Aun, "Diversity in Malaysia's Civil Service: From Venting Old Grouses to Seeking New Grounds," *ISEAS Perspective* 2023/34 (April 26, 2023); Defence Ministry written reply, reported by *Focus Malaysia*, July 24, 2022.

[98] Securities Commission Malaysia, "Bumiputera Equity Requirement for Public Listed Companies," FAQ revised February 12, 2025; National House Buyers Association, "Time to Fine-Tune the Bumiputera Discount," *StarProperty*, March 20, 2024; Ministry of Finance Malaysia, press release, October 30, 2021.

[99] Department of Statistics Malaysia, *Key Findings: Population and Housing Census of Malaysia 2020* (February 14, 2022); Economic History of Malaysia, Population Table 7 (census reports 1957-2010); religion counts as reported by Malaysia to the U.N. Demographic Yearbook.

[100] Department of Statistics Malaysia, *Household Income Survey Report 2024* (October 8, 2025), storage.dosm.gov.my; R. Thillainathan and Kee-Cheok Cheong, "Malaysia's New Economic Policy, Growth and Distribution: Revisiting the Debate," *Malaysian Journal of Economic Studies* 53, no. 1 (2016): 51-68.

home, with Malays at 6 percent of the diaspora and about 55 percent of citizens (figure 6). On those shares a Chinese Malaysian is about thirty times as likely as a Malay to have settled in Singapore, though both live the same distance from the causeway and face the same wage gap. Among Malaysian-born principal applicants for Australian visas in 1999-2000, 73 percent were Chinese and 15 percent Indian.[101] By 2022 the government counted 1.86 million Malaysians abroad, 1.13 million of them in Singapore, and the U.N. counts 2.4 million Malaysia-born people living outside the country in 2024, 1.55 million in Singapore.[102]

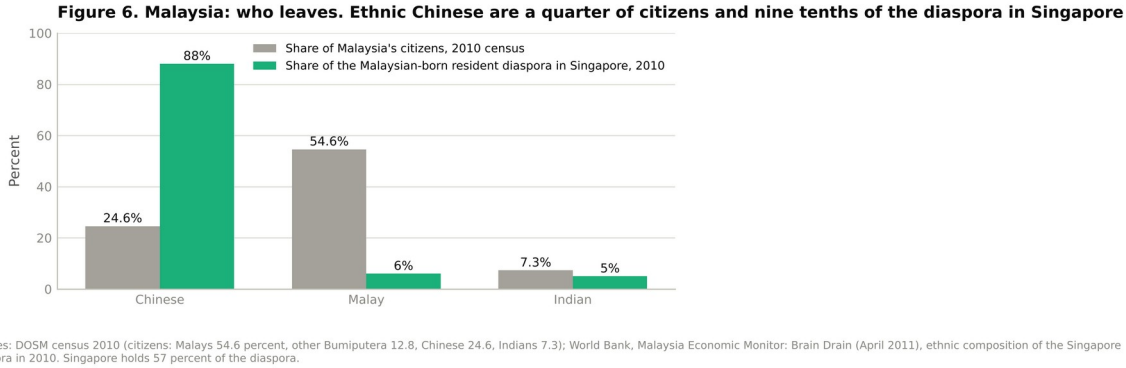


Figure 6. Malaysia: who leaves.

The World Bank asked why. In its survey of the diaspora, a small online poll of 194 emigrants, four fifths of them ethnic Chinese, 66 percent cited career prospects, 60 percent “social injustice,” and 54 percent compensation; “discontent with Malaysia’s inclusiveness policies is a key factor too, particularly among the non-Bumiputeras who make up the bulk of the diaspora,” and “unequal access to scholarships and higher education seem to be of significant concern.” The Bank quoted the government’s own Transformation Programme roadmap: “An unintended outcome of the National Economic Policy (NEP) was a sense of deprivation, discrimination and even resentment felt by the non-Bumiputeras … These factors have pushed many Malaysians, especially professionals, to work and reside overseas.” And it quoted a former deputy prime minister, Musa Hitam, asking “whether our redistributive economic policies are indeed holding us back competitively compared with the rest of the world.”[103] The Bank’s economist added at the launch that if Malaysia matched Singapore’s investment climate, foreign direct investment “could be about five times larger.”[104]

The government’s answer has been a Returning Expert Programme, which between 2011 and August 2026 brought back 5,234 people, under 0.3 percent of the emigrant stock.[105]

7.3 Where the preference goes

When a government hands out wealth by group identity, much of that wealth is lost, and Malaysia’s record shows how. In 2009, Prime Minister Najib Razak disclosed that Bumiputera had been allocated 54 billion ringgit in corporate shares, but only 2 billion ringgit of it was still in Bumiputera hands. The rest had been sold off.[106] Privileges were also concentrated among a few insiders. In 2005, four individuals received more than 28,000 of the 67,158 car-import permits issued by mid-

[101] World Bank, *Malaysia Economic Monitor: Brain Drain* (April 2011), 12-13, 103-104, 125, documents.worldbank.org.

[102] V. Sivakumar, Human Resources Minister, March 7, 2023, as reported by *The Star* and Mothership; U.N. Department of Economic and Social Affairs, *International Migrant Stock 2024*, table 1.

[103] World Bank, *Malaysia Economic Monitor: Brain Drain*, 12, 120-125.

[104] Philip Schellekens, World Bank, remarks of April 28, 2011, as reported by *The Malaysian Insider*; World Bank press release, April 28, 2011.

[105] Human Resources Ministry written reply, October 22, 2026, as reported by *Malay Mail*, October 23, 2026.

[106] Najib Razak’s 2009 disclosure, as recounted by Edmund Terence Gomez, “12MP’s Rhetoric v. the Reality of Malaysia’s Equity Distribution,” *The Vibes*, October 3, 2021.

July, each worth 20,000 to 30,000 ringgit.[107] At the extreme, the U.S. Department of Justice alleged that more than $4.5 billion was diverted from the state investment fund 1Malaysia Development Berhad (1MDB) between 2009 and 2015.[108] The benefits went mainly to the well connected, not to ordinary Malays. The economist Lee Hwok Aun finds that policy design and execution "disproportionately benefited Peninsular Malays" over the non-Malay Bumiputera of Sabah and Sarawak, and that from the late 1980s "political patronage grew through privatization and distribution of state assets to Malay political elites and corporate titans." The World Bank's data tell the same story. In 2011 it found that more than 90 percent of Malaysia's income inequality lies within ethnic groups, not between them, and its 2025 report still put the figure at 87 percent. In other words, the gap between rich and poor Malays matters far more than the gap between Malays and Chinese.[109] Edmund Terence Gomez's study of the government-linked companies that carry out the policy finds many of them "riddled with patronage and graft" and traces the problem to the policies adopted after 1969 and the privatizations that followed. Mahathir Mohamad, the prime minister who presided over those privatizations, was later quoted as saying of the system that resulted, "we created a monster!"[110]

The macro record is consistent with a growth cost without proving one. Malaysia's real income per head rose 8.0 times between 1970 and 2022 while Taiwan's rose 13.1 times, South Korea's 13.9 times, and Singapore's 12.1 times; Malaysia was richer than South Korea in 1970 and stood at 65 percent of South Korea's level in 2024 at purchasing-power parity (figure 3). Gross fixed capital formation fell from 43 percent of GDP in 1995-97 to 20.5 percent in 2024, and private investment from a quarter of GNP in 1987-97 to a tenth in 2000-10; Thillainathan and Cheong conclude that "the original goal of redistribution without hurting growth was not achieved."[111] The World Bank's 2021 and 2025 reports both find that Malaysia's growth model "is no longer sufficient" to carry it to high-income status, now expected between 2028 and 2030.[112]

The contrary evidence deserves a hearing. A 2026 Kobe University paper finds that Malay cohorts exposed to the NEP completed more schooling and entered skilled occupations at higher rates, and estimates that the policy raised GDP per capita by about 10 percent by improving the allocation of Malay talent.[113] The paper does not model the emigration of non-Malays or the rent-seeking the preference created, and its finding is a reason to keep this study's Malaysian estimate conservative rather than a reason to abandon it: a policy can raise the human capital of the majority and still cost the country the human capital of the minority.

7.4 The ledger

The minority side of the Malaysian ledger is small, because the regime does not bar non-Muslims from the private economy, where they do well. The model counts three items. Exclusion from the public sector, where non-Bumiputera representation has fallen from about 0.75 of parity in 1969-70 to about 0.4 today, displaces about 250,000 workers, but at little cost to their earnings, since the private sector pays them more; the model values it at 0 to 10 percent of the displaced workers'

[107] *Malaysiakini*, "AP Kings Rolling in Millions," July 19, 2005; *The Star*, "Government Releases List of Approved Permit Holders," July 19, 2005.

[108] U.S. Department of Justice, press release, June 15, 2017.

[109] Lee Hwok Aun, "Majority Affirmative Action in Malaysia," Global Centre for Pluralism (March 2017), 8; World Bank, *Malaysia Economic Monitor: Brain Drain*, 13; World Bank and Ministry of Economy, *A Fresh Take on Reducing Inequality and Enhancing Mobility in Malaysia* (February 5, 2025).

[110] Edmund Terence Gomez, *Misgovernance: Grand Corruption in Malaysia* (Penguin, 2025), 10; both quotations as given in the review of the book published by the Economic History of Malaysia project, ehm.my.

[111] Maddison Project Database 2023; IMF, *World Economic Outlook*, October 2026; World Bank, World Development Indicators, NE.GDI.FTOT.ZS (43.6, 42.5, and 43.1 percent in 1995-97; 20.5 percent in 2024), retrieved October 15, 2026; Thillainathan and Cheong, "Malaysia's New Economic Policy, Growth and Distribution: Revisiting the Debate."

[112] World Bank, *Aiming High: Navigating the Next Stage of Malaysia's Development* (March 16, 2021); World Bank, press release, February 5, 2025.

[113] Kotaro Fujisaki and Rio Ikeuchi, "Affirmative Action for the Ethnic Majority," Kobe University RIEB Discussion Paper 2026-26 (September 2026).

earnings. Tuition is the larger item: about 72,000 non-Bumiputera students who would hold public university places at parity instead pay for private or overseas education, at a premium the model sets at 25,000 ringgit a year (15,000 to 40,000). The housing discount transfers about 0.8 billion ringgit a year from non-Bumiputera buyers to Bumiputera ones. The total is about $0.9 billion a year ($0.3 billion to $2.1 billion), about 0.7 percent of the minority's income and $340 per minority household. This is an incidence, the bill the minority pays, and most of it is a transfer and not a loss of output. The housing cross-subsidy passes to Bumiputera buyers; the first 15,000 ringgit of each student's tuition premium replaces a public subsidy that another student now receives; and the security and pension that go with a public post are enjoyed by whoever holds it. Together these come to about $0.7 billion of the $0.9 billion ($0.3 billion to $1.6 billion). Only the remainder, the excess cost of an education bought abroad, about $0.2 billion a year, is a real resource cost, and only it is carried into the combined figure below. The ledger omits the worship-site restrictions, the licenses and contracts not won, and the one-way conversion rule, none of which can be priced.

The majority side is the largest of the three countries. Misallocation in the public sector costs under 0.1 percent of GDP. Emigration costs about 1.0 percent net and 3.3 percent gross, on a resident diaspora of 2.16 million (the U.N. count less a reporting artifact), 80 percent of it non-Bumiputera, 65 percent of working age, 40 percent tertiary-educated, with 40 percent of its departure (25 to 60 percent) attributed to the preference regime. The anchor for that share is the ethnic differential, not the survey: on the World Bank's figures a Chinese Malaysian is about thirty times as likely as a Malay to have settled in Singapore, and Chinese Malaysians were about three times their share of citizens among applicants for Australian visas. Networks, language, and Singapore's own selection explain part of that gap, which is why the share is set at 40 percent and not at the 90 percent and more that the differential alone would imply. The World Bank's survey, in which 60 percent of respondents cite "social injustice," corroborates the share and does not carry it. The deadweight loss on the preference transfers themselves, the 11 to 12 billion ringgit annual budget allocation and the housing cross-subsidy, taken at 35 percent (20 to 50) in light of the 52-of-54-billion equity churn, adds 0.2 percent; only the dissipated share is counted, never the transfers themselves. The total is 1.3 percent of GDP, about $5.4 billion a year, with a range of 0.4 to 3.6 percent, $1.6 billion to $15.3 billion: six times the minority's burden. Adding the two sides and removing the transfers identified above, the output forgone is about $5.6 billion a year, 1.3 percent of GDP ($1.6 billion to $15.8 billion), and the cumulative total since 1971 is $102 billion in constant 2015 dollars ($29 billion to $289 billion). A simple sum of the two sides would give $6.3 billion a year; the difference, 0.17 percent of GDP, is money that changed hands, not output that was lost.

The only peer-reviewed estimate of Malaysia's brain-drain cost, Johann Harnoss's 2011 endogenous-growth calculation, put the cost of all skilled emigration since 1980 at 0.7 to 1.6 percent of income per capita in 2010, when the diaspora was half its present size.[114] This study's net emigration figure, 1.0 percent of GDP for the attributable non-Bumiputera share alone, sits inside that band once the doubling of the diaspora is allowed for.

Malaysia's cost is the largest as a share of GDP not because its regime is the harshest but because its minority is the largest and the most mobile. Nearly a quarter of its citizens are Chinese; Singapore is an hour away; and the regime's most expensive product is a graduate who crosses the causeway.

8. Across the gradient: what the three cases show together

Table 1 sets the three ledgers side by side. Figures 7, 8, and 9 draw them.

Table 1. The two-sided ledger, central estimates with low-cost to high-cost ranges (2024 base year)

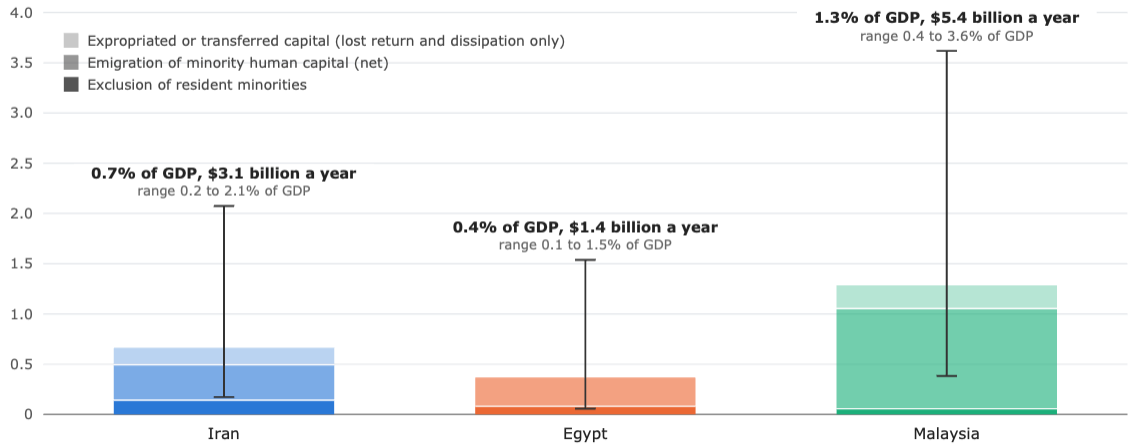
[114] Johann Daniel Harnoss, "Economic Costs of the Malaysian Brain Drain: Implications from an Endogenous Growth Model," *Malaysian Journal of Economic Studies* 48, no. 2 (2011): 117-130.

	Iran (harshest)	Egypt (hard)	Malaysia (mild)
Subordinated minority (central)	0.9 million resident: Baha'is, recognized minorities, converts	9.3 million Christians (8% of population)	About 9 million Chinese and Indian citizens (30% of citizens; modeled as 27% of the labor force)
Minority side (incidence on the minority)			
Annual burden, % of the minority's own counterfactual income	20% (13 to 31)*; Baha'is 35% (25 to 50); recognized minorities 15% (10 to 25); converts 10% (5 to 15)	1.2% (0.4 to 3.1)	0.7% (0.3 to 1.4)
Annual burden, US$ billion	0.9 (0.3 to 2.0)	0.4 (0.1 to 1.4)	0.9 (0.3 to 2.1)
of which transfers to other residents, US$ billion	none	none	0.7 (0.3 to 1.6): housing cross-subsidy, domestic share of the tuition premium, public-sector premium
Annual burden per minority household, US$	3,400 (1,900 to 5,800)*; Baha'i household about 6,300	180 (55 to 490)	340 (130 to 720)
Expropriated property, stock, US$ billion	25 (9 to 60)	not valued (1947-61 losses sunk; current losses unaggregated)	none (equity transfers at new-issue discount)
Majority side (self-inflicted efficiency cost), % of GDP			
A. Misallocation	0.14 (0.04 to 0.42)	0.08 (0.01 to 0.37)	0.06 (0.00 to 0.24)
B. Emigration, net	0.35 (0.11 to 0.90)	0.29 (0.04 to 1.17)	1.00 (0.27 to 2.98)
B. Emigration counted gross (memo)	1.2 (0.5 to 2.3)	1.0 (0.2 to 2.9)	3.3 (1.4 to 7.5)
C. Expropriated or transferred capital	0.17 (0.03 to 0.76)	0	0.23 (0.11 to 0.39)
Total, % of GDP	0.7 (0.2 to 2.1)	0.4 (0.1 to 1.5)	1.3 (0.4 to 3.6)
Total, US$ billion a year	3.1 (0.8 to 9.9)	1.4 (0.2 to 6.0)	5.4 (1.6 to 15.3)
All channels with emigration counted gross, US$ billion a year (memo)	7.1 (2.9 to 16.3)	4.0 (0.9 to 12.8)	15.3 (6.2 to 34.2)
Output forgone, both sides net of transfers, US$ billion a year	4.0 (1.2 to 11.8)	1.8 (0.3 to 7.4)	5.6 (1.6 to 15.8)
Output forgone, % of GDP	0.85 (0.24 to 2.49)	0.47 (0.08 to 1.91)	1.32 (0.38 to 3.73)
Output forgone, cumulative since regime took hold, constant 2015 US$ billion	114 (33 to 334), from 1980	44 (8 to 176), from 1960	102 (29 to 289), from 1971
Macro ceiling (not an estimate), % of GDP	85 to 117 (synthetic-control gap, 1979 rupture)	none available; 1947-61 removal is the historical ceiling	51 to 74 (gap to Singapore, Taiwan, and South Korea since 1970)

Source: this study's model; methods annex. Low means low cost and high means high cost in every row. Output forgone is the sum of the two sides less transfers between residents. *The ranges for Iran's percentage and household burden hold the sizes of the three minority groups at their central values; the dollar range lets them vary, and the low case counts no converts.

Figure 7. The self-inflicted cost: what the majority society gives up each year

Percent of 2024 GDP, central estimate by channel; whiskers show the low-cost and high-cost scenarios. Transfers are excluded.

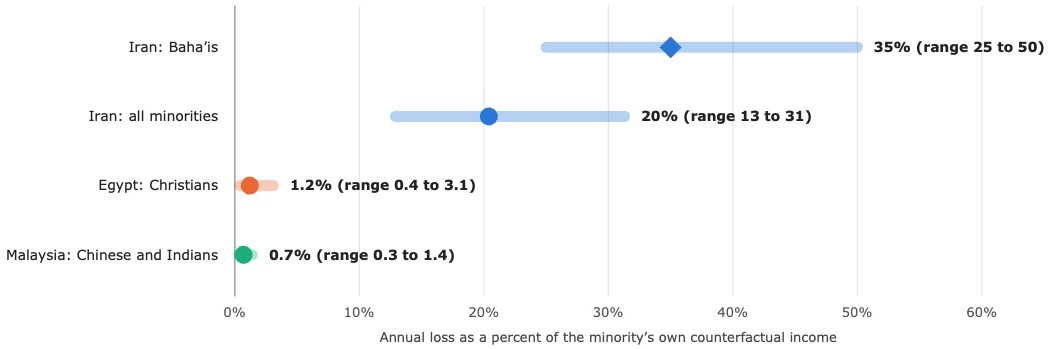


Source: this study's model, central scenario, with the low- and high-cost scenarios as whiskers (methods annex). Emigration is counted net: only the share of a departed worker's output that would have accrued to others (taxes, employer and consumer surplus, spillovers). Gross lost output is two to three times larger. Transfers are not counted: the third channel holds only the lost return on seized capital and the dissipated share of preferential allocations.

Figure 7. The self-inflicted cost: what the majority society gives up each year.

Figure 8. The minority's burden: what subordination costs the people it targets

Annual loss as a percent of the minority's own counterfactual income: central estimate (marker) and range (band).



Source: this study's model (methods annex). Iran's figure covers Baha'is, recognized minorities and converts together; its range holds the sizes of the three groups at their central values. Egypt's and Malaysia's figures measure only the costs that can be priced (occupational exclusion, tuition, housing cross-subsidies) and omit violence, extortion and worship-site restrictions, which no source aggregates. In Malaysia most of the burden is a transfer to other residents.

Figure 8. The minority's burden: what subordination costs the people it targets.

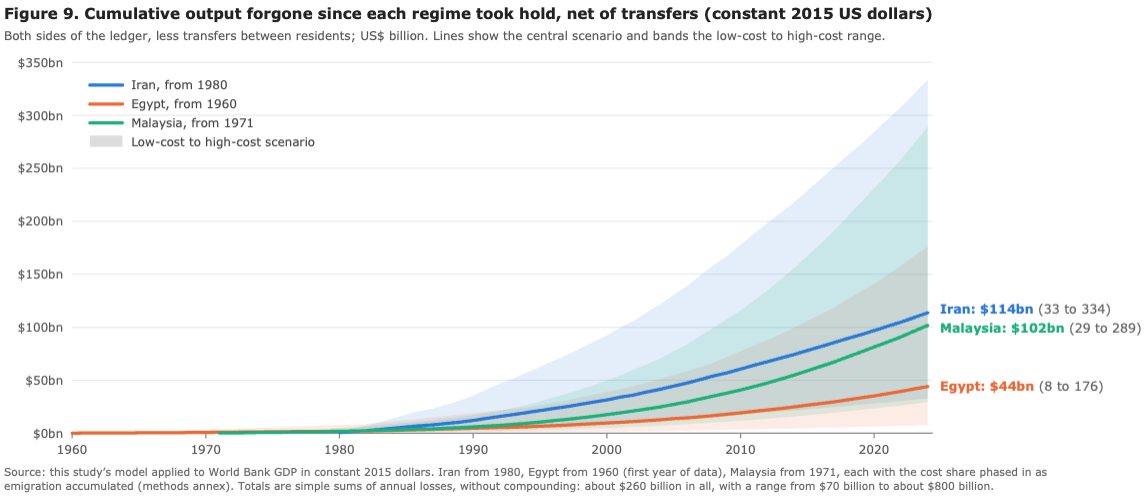


Figure 9. Cumulative output forgone since each regime took hold, both sides of the ledger net of transfers.

Four findings follow.

First, the burden on the minority tracks the gradient exactly. The minority loses about a fifth of its potential income in Iran, about 1 percent in Egypt, and under 1 percent in Malaysia. The result is what the political economy of religious legitimation predicts: the state that depends most on clerical sanction, Iran, extracts the most from its minorities; the state that depends least, Malaysia, extracts the least. On the household level the Iranian figure, $3,400 a year across all counted minority households and about $6,300 for a Baha'i household, in a country with income per head of about $5,200, means that a Baha'i family lives at roughly two thirds of the standard its skills would command, before the seizure of its home.

Second, the cost to the majority does not track the gradient; it tracks the size and mobility of the minority. Malaysia pays the most as a share of GDP, Iran next, and Egypt least. In all three the majority's cost exceeds the minority's own annual loss, by a factor of about three and a half in Iran and Egypt and of six in Malaysia. That is not because Malaysia's regime is harsher but because nearly 30 percent of its citizens are subject to the preference, they are the country's most skilled and best-connected workers, and Singapore is nearby. The lesson for the Project's wider program is that the economic argument against dhimmitude is strongest where the minority is largest, which is to say in the "mild" cases that attract the least attention.

Third, the harshest regimes have already spent their minorities. Iran's annual flow is modest because the people who would generate it are gone. Its ledger is a stock: the $25 billion of seized property, the 350,000 minority-origin workers now producing in Los Angeles, Tel Aviv, Toronto, and Berlin, the 40 companies and 10,000 jobs of one Baha'i industrialist, and the professoriate that fell by 44 percent in two years. Egypt's is also a stock, paid between 1947 and 1961 and compounding since. Figure 2 summarizes both: the damage is visible as absence. This finding carries a method with it. Where a regime has been harsh for long enough, the right measure of its cost is not the annual loss on the survivors but the counterfactual size of the community it destroyed, and the right evidence is the census.

Fourth, the sign is always the same. The three cases join a record in which ***no economy that removed, expelled, or suppressed a productive minority has been found to have gained by it in the long run.***

The Ottoman case looks like an exception and is not: there, the dhimmi minorities escaped the Islamic legal order through foreign protection and prospered, and it was the Muslims, locked inside that order, who paid. The modern regimes closed the exit, and now everyone pays.

Three features of the estimates deserve restating. They are floors. The real costs are higher, but many of them cannot be measured. A state that recruits its police from 90 percent of its talent forgoes the benefits of full competition for those jobs, and the quality of its security suffers. The licenses and contracts that a better-qualified Chinese Malaysian does not win carry a cost for the wider economy. So does the Coptic village burned and settled without compensation, which discourages future construction; each further act of violence reduces economic certainty and, in the long run, the willingness to build and invest. The innovation that an Iranian Baha'i engineer did not produce because she was never admitted to the university has a real impact even if it cannot be measured. Such costs are additive in only one direction: the macro ceilings in table 1, which run from 51 to 117 percent of GDP, are the *measurable* size of the institutional ruptures of which minority subordination is one strand, and they show that there is ample room above this study's figures. The combined figures are also net of transfers: nothing in them is money that merely changed hands. The only way that such costs can be determined is if the policies that cause them are abandoned and productivity increases, prompting people to look back in dismay at the lost opportunities for growth and innovation and forward in gratitude for increased productivity.

9. Implications

For the United States. American religious-freedom policy has treated the subordination of minorities in Muslim-majority states as a human-rights question. It is also an economic one. The International Religious Freedom Act gives the executive a tiered set of tools, and in March 2026 the U.S. Commission on International Religious Freedom again recommended, as it had in 2020, that Egypt and Malaysia be placed on the State Department's Special Watch List alongside Iran's designation as a Country of Particular Concern.[115]

This study supplies the economic brief for those designations. Each of the three states forgoes, on conservative assumptions, between a third and one and a third of a percent of its national income *every year* to maintain the subordination of its non-Muslim citizens, and cross-country work by Brian Grim and his colleagues finds religious freedom one of only three variables significantly associated with growth across 173 countries.[116]

The argument that a state's treatment of its minorities is its own affair is weaker when that treatment costs the state's own citizens billions a year, and weakest of all when the state asks for American aid: Egypt receives $1.3 billion a year in military assistance, and USCIRF has asked that religious-freedom progress be tied to it.[117] The case rests on two points, and neither requires a claim about intent. The first is fungibility. To the extent that it pays for equipment Egypt would otherwise buy itself, $1.3 billion a year in Foreign Military Financing frees the same sum elsewhere in the budget of a military and security establishment that also controls the country's largest state-owned conglomerates, and so insulates that establishment from the fiscal pressure that pushes other institutions toward recruitment on merit. The second is readiness. A partner that bars nearly a tenth of its citizens from the senior ranks of its army, police, and intelligence services draws its commanders and analysts from a narrower pool than it needs to, and the United States pays for the result.

[115] USCIRF, *2026 Annual Report*, March 4, 2026; USCIRF, *2020 Annual Report*, April 28, 2020, which also recommended Egypt and Malaysia for the Special Watch List.
[116] Brian J. Grim, Greg Clark, and Robert Edward Snyder, "Is Religious Freedom Good for Business? A Conceptual and Empirical Analysis," *Interdisciplinary Journal of Research on Religion* 10 (2014), article 4.
[117] USCIRF, *2026 Annual Report*, Egypt chapter.

For Iran after the war. Whatever follows the current regime will need capital and skills. The diaspora it drove out holds both, and the 60,000 confiscated properties in Justice for Iran's database are a ledger of what restitution would have to address. Jalal Tagreeb's proposal in the Project's jizya study, acknowledgment, restitution in kind where possible, and a scheduled mechanism for descendant communities where it is not, applies with unusual force to a country whose seizures are recent, documented, and held by two identifiable foundations.[118] The economic case for restitution is the same as the case against the seizures: assets return to productive use, and the people who know how to use them have a reason to come home.

For Malaysia and Egypt. The study's figures are a lever for the minorities' own advocates and for reformers inside each majority who have already made the argument. Malaysia's Government Transformation Programme conceded in 2010 that the preference regime "pushed many Malaysians, especially professionals, to work and reside overseas"; a former deputy prime minister asked whether race-based policy was "holding us back competitively"; the World Bank told Putrajaya that foreign investment could be five times larger. In Egypt, the Century Foundation's finding that the opacity surrounding exclusion is "a design feature of Egyptian authoritarianism" names the problem, and Coptic Solidarity's counts of senior appointments give it a number each year. The Project's contribution is to put a price on the design.

For the Dhimmitude Project. This study was designed as a proof of concept, and it is one. The framework ran on three countries whose data differ widely in quality, and it produced bounded, auditable estimates for all three. The next cases are the ones the Project has already documented or has in press: Pakistan, where 3.3 million Christians live under blasphemy law and bonded labor; Turkey, whose Jewish and Christian communities have been reduced to what a recent Project paper calls "managed remnants"; and Bangladesh, whose Hindu population has fallen from more than a fifth of East Pakistan's in the 1951 census to under a tenth in the 2022 census.[119] Three improvements to the method are within reach. A within-country test, comparing districts by their historical minority share as Arbatli and Gokmen did for Turkey, would replace assumed parameters with estimated ones. A valuation of the Iran-U.S. Claims Tribunal's awards to minority claimants would put court-validated numbers on the expropriation stock. And a survey of the minority diasporas, on the model of the Public Affairs Alliance of Iranian Americans, would measure directly the human capital that each regime exported. The Project proposes to pursue all three.

10. Methods annex

A.1 The model

The model is a set of accounting identities with stated parameters. For each country and each of three scenarios (low cost, central, high cost) it computes, in the 2024 base year:

Channel A, exclusion of resident minorities. Excluded workers are the minority's labor force times the share of jobs in the restricted domain (the public sector, measured by ILOSTAT) times the gap between the minority's counterfactual and actual representation in that domain. The minority's loss is excluded workers times their counterfactual productivity relative to the average worker (κ) times the fraction of output lost on displacement (π, the over-education penalty), times GDP per worker. For Iran, where the exclusion extends beyond the public sector, the model instead applies a stated earnings-suppression rate to each minority group's workers and values each worker at output per

[118] Tagreeb, "Confronting the Legacy of Jizya," section VIII; Justice for Iran, *2019 Impact Report*.

[119] Considine, "Neo-Dhimmitude in the Land of the Pure" (April 2026); Craig Considine, "The Betrayal of Lausanne in the 'Forgotten Holy Land': Jews and Christians Treated as Conquered Remnants in Modern Turkey," Middle East Forum, September 19, 2026; Bangladesh Bureau of Statistics, *Population and Housing Census 2022*, preliminary report (Hindus 7.95 percent), against 22 percent in the 1951 census of East Pakistan.

worker outside oil and gas. The majority's loss is the minority's loss times a multiplier m (0.5 to 1.0) for the lower quality of the replacement in the reserved post. For Malaysia, where the private sector pays the displaced at least as well, the minority's loss is the security and pension premium of the post, entered at zero to 10 percent of earnings; it is a transfer to whoever holds the post and is used here only to scale the majority's loss.

The multiplier m. m is a reduced-form ratio of the loss borne by others to the loss borne by the excluded worker. It is not estimated for these countries, and the band of 0.5 to 1.0 is a judgment. Two mechanisms lie behind it. The first is complementarity between tasks: when a post is filled by a less able candidate, the output of those who work with that post or depend on its decisions falls as well, which is why Hsieh, Hurst, Jones, and Klenow find that barriers to occupational entry lowered aggregate output and not only the earnings of those kept out. The second is that the posts closed to minorities in all three countries are concentrated in the courts, the security services, the regulators, and the universities, whose quality is an input to private productivity across the economy. In Iran, where exclusion extends to the closing and seizure of firms, m also stands for the wages and supplier income lost by the Muslim employees and contractors of those firms, of which section 5.3 gives examples. The band stops at 1.0, the value at which the rest of society loses as much as the excluded worker does.

Channel B, emigration. Attributable emigrant workers are the minority-origin diaspora of working age times the share of its departure attributed to subordination. Gross lost output is attributable workers times a skill multiplier (the tertiary share times κ for the tertiary-educated plus the remainder at 1.0) times GDP per worker, which for Iran is output per worker outside oil and gas. The majority's loss is gross lost output times θ, the share of a departed worker's output that would have accrued to others through taxes, employer and consumer surplus, and knowledge spillovers (0.2 to 0.4).

Attribution. Not every minority emigrant left because of subordination, and the model counts only the share that did. The share is anchored in the excess of minority over majority emigration and then set well below it. In Iran, religious minorities were under 2 percent of the population and are almost 20 percent of the Iranians of Los Angeles, and two thirds or more of the Jews and Armenians of 1979 have left against under 4 percent of the population as a whole. The excess is more than nine tenths of minority departures; the model attributes 75 percent (60 to 85) and leaves the rest to the war with Iraq, the collapse of the economy, and the pull of the West. In Malaysia, on the World Bank's figures for 2010, Chinese Malaysians are 88 percent of the Malaysian-born residents of Singapore and 24.6 percent of citizens, and Malays 6 percent and 54.6 percent, a difference in rates of about thirty to one; Chinese and Indian Malaysians were 88 percent of the applicants for Australian skilled visas in 1999-2000 and under a third of citizens. The excess is again above nine tenths. The model attributes 40 percent (25 to 60), because language, family networks, and the ethnic composition of Singapore itself would draw Chinese Malaysians across the causeway under any Malaysian policy. The World Bank's online survey of 194 emigrants, in which 60 percent cite "social injustice," corroborates the share and does not carry it. In Egypt, a tenth to a fifth of Copts live abroad against 8 to 9 percent of all Egyptians, most of them temporary workers in Arab states; the model attributes 55 percent (40 to 70).

Output per worker in Iran. Valuing an Iranian worker at GDP per worker would credit him with a share of oil and gas rents that accrue to the state whoever holds his job. The model therefore removes the hydrocarbon sector from Iranian GDP before dividing by the labor force: 9 percent in the high-cost scenario, 12 in the central, and 16 in the low-cost scenario, between two World Bank measures: the oil sector's 8.6 percent of GDP in the national accounts for the nine months to December 2023, and oil rents, a median 14.6 percent of GDP in 2015-2021. Rents are the closer concept, since they accrue to the state whoever holds the job. Moving the central value to either measure changes Iran's central output forgone by about 3 percent. The same base is used for the

minority's suppressed earnings, for channel A, and for channel B. No offsetting premium is added for entrepreneurship. The minorities that left were concentrated in medicine, the universities, and large-scale industry, and the literature on such departures finds lasting losses to the places that lost them (Waldinger 2010, 2016) and gains to the places that received them (Moser, Voena, and Waldinger 2014). Those studies measure effects on students, departments, and patents, not the emigrants' own output, and they cannot be turned into a multiplier with any confidence. The model keeps κ at 1.9 for the tertiary-educated and treats the omission as one more reason to read the result as conservative.

The share accruing to others, θ. θ answers one question: what does the country that remains lose when a worker's output goes abroad with him? It is the tax he paid net of the services he received, the surplus that employers and customers earned on his output, and the spillover of his skill onto the productivity of others, which Moretti (2004) measures for American cities. Tax revenue alone is 7 to 13 percent of GDP in the three countries. The band of 0.2 to 0.4 is set with three standard objections in mind.

Three objections. The first is net fiscal incidence: an emigrant stops paying tax and also stops drawing on public spending. For the workers at issue the first term is the larger. They are valued at up to 1.9 times average output, tax falls on that larger base, and most of what the state spends per head does not rise with income. Energy subsidies are the exception, because richer households use more fuel, and the lower bound of θ allows for it. The second is remittances. Remittances are transfers between households; they raise national disposable income but are not part of GDP, which is what this ledger measures. They are also likely to be small for the populations in question. Families that leave whole and settle for good have fewer dependants left to support than a worker abroad on a contract, which is the difference between the Coptic emigration to the West and the Egyptian labor migration to the Gulf described in section 6.4. The model credits none. The third is brain gain. Beine, Docquier, and Rapoport (2008) show that the prospect of emigration can raise schooling at home by more than emigration removes, and they find a net gain in countries that combine low schooling with low rates of skilled emigration. The condition fails here twice over. The minorities' rates of emigration are far above the range in which a gain appears. And the mechanism works through people who acquire skills in the hope of leaving and then stay, whereas under these regimes those who stay are barred from using their skills where they are scarcest: by a university ban in Iran, a 90 percent matriculation quota in Malaysia, and the closure of the sovereign sector in Egypt. No brain gain is credited.

Channel C, expropriated or transferred capital. For Iran, the stock of seized minority property V times a real return r (6 to 10 percent) times the productivity shortfall under foundation management δ (25 to 60 percent). For Malaysia, the annual preference transfers (the budget allocation to the Bumiputera agenda and the housing cross-subsidy) times a deadweight share (20 to 50 percent); the minority's tuition premium and housing cross-subsidy are counted on the minority side. Only the dissipated share is counted on the majority side, never the transfers themselves. For Egypt, zero, with the documented floors reported in the text.

Totals. The minority's annual burden is its channel A loss plus, for Malaysia, the tuition premium and the housing cross-subsidy; the majority's cost is the sum of the three channels. Output forgone is the sum of the two less the transfers contained in the minority's burden. There are three, all in Malaysia: the housing cross-subsidy, which passes to Bumiputera buyers and is removed in full, its dissipated share being already in channel C; the first 15,000 ringgit of each displaced student's tuition premium, the low value of that parameter, which stands for the fee gap between a private and a subsidized public place at home and replaces a subsidy that another student receives; and the public-sector premium. The part of the tuition premium above 15,000 ringgit, the excess cost of study abroad, is kept as a real cost. In Iran and Egypt the minority's burden is suppressed earnings, and nothing is

removed. Per-household figures divide by minority population over average household size: 3.3 in Iran (2016 census), 4.0 in Egypt (2017 census: 94.8 million people in 23.5 million households), and 3.7 in Malaysia (DOSM Household Income Survey 2024). The burden share divides the minority's loss by its counterfactual income (minority workers times κ times output per worker). For Iran the share is a weighted average over three groups, and its low and high values hold the groups' sizes at their central values. If sizes and rates are varied together, the low scenario, which counts no converts, shows a higher average burden (19 percent) than the fixed-weight calculation (13 percent); that is an artifact of composition, and the study does not report it. Cumulative figures apply the annual share of output forgone to each year's GDP in constant 2015 dollars from the first year of data after the regime took hold (Iran 1980, Egypt 1960, Malaysia 1971), phased in linearly from 50 percent in 1980 to 100 percent in 1990 for Iran, from 30 percent in 1960 to 100 percent in 2015 for Egypt, and from 30 percent in 1971 to 100 percent in 2010 for Malaysia, to reflect the accumulation of emigration.

Start years and compounding. The cumulative series and figure 3 use different years on purpose. Figure 3 indexes income per head to the last year before each rupture: 1976, the peak of Iranian output before the revolution; 1952, the year of the Egyptian coup; and 1970, the eve of the New Economic Policy. The cumulative ledger starts later: in 1980 for Iran, when the universities were closed and the new order was institutionalized; in 1960 for Egypt, the first year of the World Bank's constant-2015-dollar series, which leaves out the losses of 1947 to 1959; and in 1971 for Malaysia, the first year of the policy. The cumulative totals are sums of annual real losses with no discounting and no compounding. A dollar of output forgone in 1985 is counted as a dollar, although part of it would have been invested and would have raised output in every later year. On that count the totals understate.

Dollar figures use World Bank GDP in current U.S. dollars for 2024: Iran $475.3 billion (the World Bank applies an alternative conversion factor for Iran's multiple exchange rates; the PPP equivalent of each Iranian figure is 3.8 times larger), Egypt $389.1 billion, Malaysia $422.2 billion. Labor force: Iran 29.3 million, Egypt 35.3 million, Malaysia 18.4 million (ILO-modeled estimates in the World Development Indicators). Output per worker is GDP over the labor force: about $11,000 in Egypt, $22,900 in Malaysia, and, for Iran, $14,300 outside oil and gas in the central scenario ($16,200 with it).

A.2 Parameters

Every parameter, with its low-cost, central, and high-cost value and the basis for it, is listed in table A.1. "Low" is the low-cost scenario throughout, so for a representation ratio the low-cost value is the higher ratio.

Table A.1. Model parameters. "Low" is the low-cost scenario and "high" the high-cost scenario throughout.

Parameter	Low	Central	High	Basis
Common				
Tertiary worker's output relative to average (κ)	1.6	1.9	2.2	Six to nine extra years of schooling at about 9 percent a year (Psacharopoulos and Patrinos 2018)
Output lost on displacement from best occupation (π)	0.08	0.15	0.27	Over-education penalty 8 to 27 percent, mean 15.3 (McGuinness 2006)
Share of a departed worker's output accruing to others (θ)	0.2	0.3	0.4	Tax paid net of services received (tax revenue is 7 to 13 percent of GDP), employer and consumer surplus, and human-capital spillovers (Moretti 2004); no credit for remittances or for brain gain (Beine, Docquier, and Rapoport 2008); see A.1

Parameter	Low	Central	High	Basis
Majority-side loss per unit of minority loss (m)	0.5	0.75	1	Complementarity between tasks and the public-good character of courts, security services, regulators, and universities (Hsieh et al. 2019); in Iran also the jobs and supplier income lost when minority firms are closed; a judgment band, see A.1
Real return on assets (r)	0.06	0.08	0.1	Real return on productive assets
Productivity shortfall of expropriated assets (δ)	0.25	0.4	0.6	State-enterprise efficiency literature; far below Zimbabwe's 75 percent (Richardson 2005)
Iran				
Baha'i population	250,000	300,000	350,000	250,000 (Library of Congress 2008, Iranian figures for 2005) to 350,000 (BIC 1979); 300,000 (HRW, MRG, State)
Recognized minorities (census)	163,093	163,093	163,093	2016 census: 130,158 Christians, 23,109 Zoroastrians, 9,826 Jews
Converts and unrecognized Christians	0	400,000	800,000	Census zero; NGO estimates 500,000 to 1.24 million; low case counts none
Baha'i counterfactual productivity (κ)	1	1.2	1.4	Above-average education before 1979 (Yazdani 2017; BIC)
Baha'i earnings suppression	0.25	0.35	0.5	Public-sector ban, university exclusion, 25-plus trades closed, pensions denied; capped at "an ordinary livelihood"
Recognized minorities' κ	1	1.2	1.3	Armenians "relatively well educated" (Library of Congress 2008)
Recognized minorities' suppression	0.1	0.15	0.25	No judgeships, commissions, or senior posts; gozinesh; testimony and inheritance disabilities
Converts' κ	1	1	1	No evidence of a premium; set at average
Converts' suppression	0.05	0.1	0.15	Must hide faith to work; 139 to 166 arrests a year; bail by title deed
Hydrocarbon share of GDP removed from output per worker	0.16	0.12	0.09	World Bank: oil sector 8.6 percent of GDP, April to December 2023 (Iran Economic Monitor, spring 2024); oil rents a median 14.6 percent of GDP, 2015-2021 (World Development Indicators)
Minority-origin diaspora workers	240,000	350,000	480,000	Almost 20 percent of Los Angeles Iranians are minorities (PAAIA 2012, in Sternfeld 2020); two thirds of Jews and most Armenians left; diaspora 1.7 to 3.1 million
Share of emigration attributed to subordination	0.6	0.75	0.85	Excess of minority over majority emigration is above 0.9 (minorities under 2 percent of Iran's population, almost 20 percent of Los Angeles Iranians; two thirds or more of Jews and Armenians left against under 4 percent of all Iranians); set lower for the war with Iraq, economic collapse, and the pull of the West
Tertiary share of those workers	0.5	0.55	0.65	54 percent of Iranian emigrants in OECD highly educated (OECD DIOC); minorities were disproportionately professionals
Seized minority property, US$ bn	9	25	60	Floor is a composite: Jewish property abandoned in 1979, more than $1 bn (Amir, in Hendelman-Baavur 2011), $4.3 bn in 2024 dollars, plus half of JFI's $9.1 bn in auction minimums for 48,003 properties; Sabet's companies, 640-plus Baha'i properties, and later seizures unvalued; Setad holdings $95 bn (Reuters 2013)
Egypt				
Christian share of population	0.06	0.08	0.1	Census 5.9 percent (1986), Pew about 5, State and USCIRF about 10; Church's 15 million unsupported
Public-sector share of jobs	0.16	0.18	0.2	ILOSTAT: 16.1 percent (2024), 20.0 percent (2022)
Christian representation in public jobs (fraction	0.67	0.55	0.43	About 0.15 in sovereign institutions (military intake 1.3 percent, judicial 1.1, senior police and ambassadors 0), assumed 0.5 to 0.8 elsewhere, weighted

Parameter	Low	Central	High	Basis
of parity)				
Coptic κ	1	1.1	1.2	Coptic advantage in occupation and socioeconomic status in the census samples of 1848 and 1868, and its persistence (Saleh 2018); no contemporary earnings survey records religion, so the low case carries no premium
Minority-origin diaspora workers	150,000	400,000	800,000	160,000 Egyptian-born Christians in the U.S., Canada, and Australia c. 2010 (Pew) to 2 million Copts abroad (Pope Tawadros, 2018)
Share of emigration attributed to subordination	0.4	0.55	0.7	Copts emigrate at a higher rate than Egyptians overall (8 to 22 percent abroad against 8 to 9), permanently and to the West
Tertiary share of those workers	0.5	0.6	0.7	78 percent of Egyptian emigrants to OECD countries medium or high education (CARIM 2010)
Malaysia				
Chinese and Indian share of labor force	0.25	0.27	0.3	29.9 percent of citizens (2020 census); 27.4 percent of total population
Public-sector share of jobs	0.14	0.143	0.15	ILOSTAT: 14.3 percent (2022), 12.8 percent (2000)
Counterfactual public-sector representation (fraction of parity)	0.75	0.75	0.75	Chinese 18.8 and Indians 15.7 percent of the civil service in 1969-70 against 46 percent of Peninsular population
Actual public-sector representation (fraction of parity)	0.5	0.4	0.3	Civil service 9.5 percent non-Bumiputera against 30 percent of citizens (0.32); armed forces 0.05; public corporations assumed nearer parity
Non-Bumiputera κ	1	1.1	1.2	Chinese household income 1.4 times Bumiputera (DOSM 2024)
Earnings loss from public-sector exclusion	0	0.05	0.1	Private sector pays non-Bumiputera more; loss is the pension and security premium, a transfer to the post-holder that is removed from output forgone
Students displaced from public universities	60,000	72,000	90,000	Public intake 81.9 percent Bumiputera against a 30 percent non-Bumiputera share, on about 600,000 places
Tuition premium per student, RM a year	15,000	25,000	40,000	Private domestic to overseas tuition; the first RM15,000 replaces a public subsidy at home and is treated as a transfer, the excess as a real cost
Housing discount cross-subsidy, RM bn a year	0.5	0.8	1.2	Median 7 percent discount on a median 30 percent of units (NHBA 2024) on RM25 to 55 bn of launches; a transfer to Bumiputera buyers that is removed from output forgone
Budget transfers to the Bumiputera agenda, RM bn a year	10	12	14	RM11.4 bn in Budget 2022 (Ministry of Finance) plus ASB and IPO allocations
Deadweight share of preference transfers	0.2	0.35	0.5	RM52 of RM54 bn allocated equity sold on (Najib 2009); more than 28,000 of 67,158 import permits to four people (2005); 1MDB; patronage in government-linked companies (Gomez 2025)
Malaysia-born abroad	2.00 m	2.16 m	2.40 m	U.N. DESA 2024: 2,433,875 less a 274,253 Bangladesh artefact; minister's 1.86 million (2023)
Non-Bumiputera share of diaspora	0.7	0.8	0.85	Chinese 85 to 88 percent of Singapore diaspora; Chinese and Indians 88 percent of Australian applicants (World Bank 2011)
Working share of diaspora	0.6	0.65	0.7	Working-age employed share
Share of emigration attributed to subordination	0.25	0.4	0.6	Chinese Malaysians are in Singapore at about thirty times the Malay rate (88 percent of the diaspora against 24.6 percent of citizens; Malays 6 against 54.6); Chinese and Indians 88 percent of Australian applicants (World Bank 2011); excess above 0.9, set lower for language, networks, and Singapore's own

Parameter	Low	Central	High	Basis
				composition; survey of 194 emigrants, 60 percent citing “social injustice,” as corroboration
Tertiary share of those workers	0.33	0.4	0.5	One third tertiary (World Bank 2011); 39 percent skilled in Singapore (DOSM 2024)

A.3 Cross-checks

The talent-allocation benchmark. Hsieh, Hurst, Jones, and Klenow attribute 20 to 40 percent of the growth in U.S. output per person between 1960 and 2010 to the improved allocation of the talent of women and Black men, groups that were about half of the labor force. Scaling that effect to the 1.8 percent a year by which real earnings per person grew in the authors’ sample, by each country’s minority share of the labor force relative to one half, and by a judgment of how severe its frictions are relative to the 1960 American ones (Iran 0.6 to 1.0, Egypt 0.2 to 0.4, Malaysia 0.1 to 0.3) gives 0.9 percent of GDP for Iran (0.3 to 2.2), 1.3 percent for Egypt (0.4 to 2.9), and 2.9 percent for Malaysia (0.9 to 6.5). For Iran the minority share counts the minority-origin diaspora as well as the residents, because the benchmark prices a world in which subordination never began; residents alone would give 0.4 percent (0.1 to 1.0). Counting the Coptic and non-Bumiputera diasporas the same way would raise the Egyptian and Malaysian benchmarks further. On the authors’ narrower measure, growth in market output per worker, of which they attribute 24 percent to the improved allocation of talent, the central benchmarks are 0.7, 1.0, and 2.3 percent. The benchmark sits above the bottom-up central estimates for all three, which is the direction one would expect from a model that leaves several channels at zero.

The published brain-drain cost for Malaysia. Harnoss (2011) put the cost of all skilled emigration since 1980 at 0.7 to 1.6 percent of income per capita in 2010. This study’s net emigration estimate for the attributable non-Bumiputera share alone is 1.0 percent of GDP in 2024, on a diaspora twice the 2010 size; the two are consistent.

Official Iranian claims. Iranian ministers’ estimates of $38 billion to $150 billion a year for the whole brain drain, set against the 150,000 to 180,000 educated Iranians said to leave each year, imply $200,000 to $1 million of annual cost for each year’s departing cohort, many times what those emigrants would have produced at home in a year. This study’s gross figure of $5.6 billion for the attributed minority share implies about $21,000 a year per attributed emigrant worker in the stock, 1.5 times output per worker outside oil and gas, which is what a skill-weighted calculation should give.

Sensitivity of the Iranian emigration channel. Without the attribution share, and with GDP per worker including oil and gas, the channel is 0.54 percent of GDP net and $8.5 billion gross. The attribution share lowers it to 0.40 percent and the non-hydrocarbon base to 0.35 percent, a third below the unadjusted figure. To hold the channel at 0.5 percent with both adjustments in place, a tertiary-educated emigrant would have to be valued at about three times average output in place of 1.9. The study knows of no earnings evidence that would support that value and does not use it.

The macro ceilings. Garoupa and Spruk’s synthetic-control gap for Iran (46 to 54 percent of counterfactual GDP per capita) and the gap between Malaysia’s 1970-2022 growth multiple and Taiwan’s or South Korea’s are reported as ceilings only. Neither is attributable to minority subordination alone, and this study does not apportion them.

A.4 What is excluded

The following are left at zero because no source provides a total for them: the loss of institutional quality in Egypt’s sovereign sector beyond the displaced workers’ own earnings; property destroyed in sectarian attacks, ransoms, and reconciliation-session fines in Egypt; procurement, licensing, and

contract set-asides in Malaysia; worship-site restrictions and the one-way conversion rule in Malaysia; Baha'i pension forfeitures in Iran; the value of the Sabet group and other confiscated industrial holdings beyond the composite floor; the dynamic cost of firms never founded and innovations never made; and the deterrence of foreign investment by insecure property rights. Each is a reason to read the estimates as floors.

A.5 Data and archive

All macroeconomic series were retrieved from the World Bank's World Development Indicators and Worldwide Governance Indicators by API on October 14, 2026 (WDI vintage of October 8, 2026); Taiwan and comparator PPP figures from the IMF *World Economic Outlook* of October 2026; historical income from the Maddison Project Database 2023; emigrant stocks from the U.N. Department of Economic and Social Affairs *International Migrant Stock 2024*; tertiary emigration rates from the OECD's DIOC 2015/16 and the IAB Brain Drain Data; public-sector employment from ILOSTAT; religious-restriction indices from Pew Research Center's reports of June 2026, April 2017, and June 2016; and population composition from the censuses of Malaysia (2020), Iran (2016), and Egypt (1986), as transmitted to the U.N. Statistics Division or compiled in the sources cited. The oil sector's share of Iranian GDP is from the World Bank's Iran Economic Monitor of spring 2024 and oil rents from the World Development Indicators, and the conversion of 1979 dollars uses the annual average of the U.S. consumer price index for all urban consumers. The raw API responses, the data files, the model, and the chart code are archived with the study and available from the Project.

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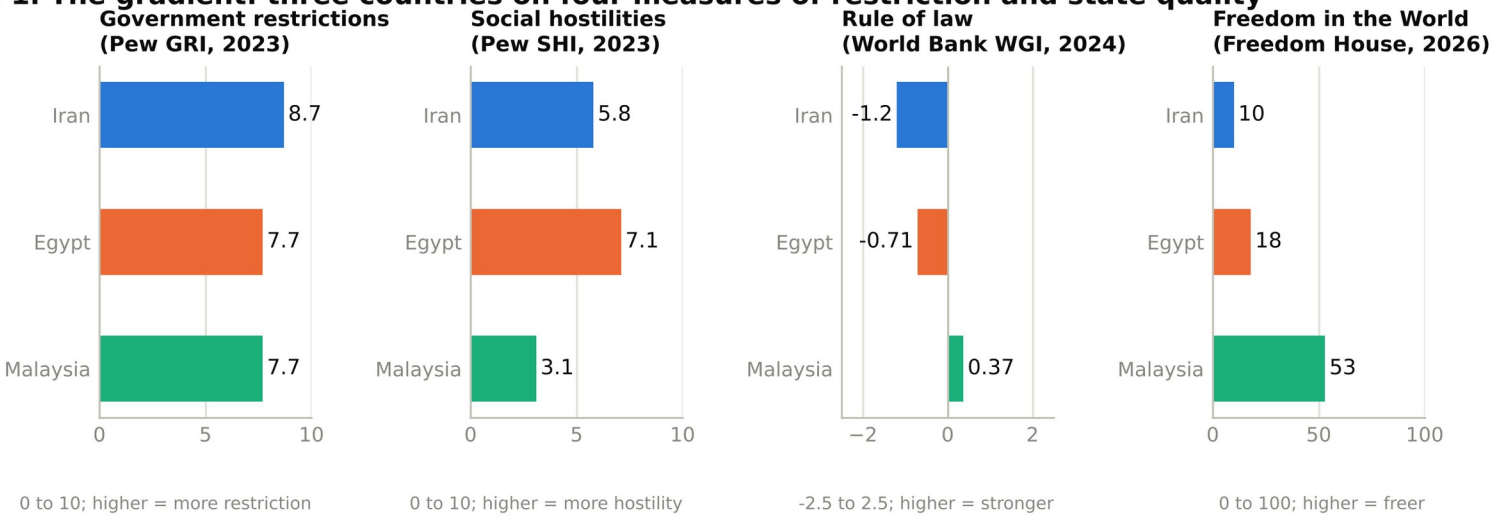
Figures

The nine figures from the report, reproduced one to a page for presentation and press use. Each is available from the Project as a 300 dpi image.

Figure 1. The gradient: three countries on four measures of restriction and state quality

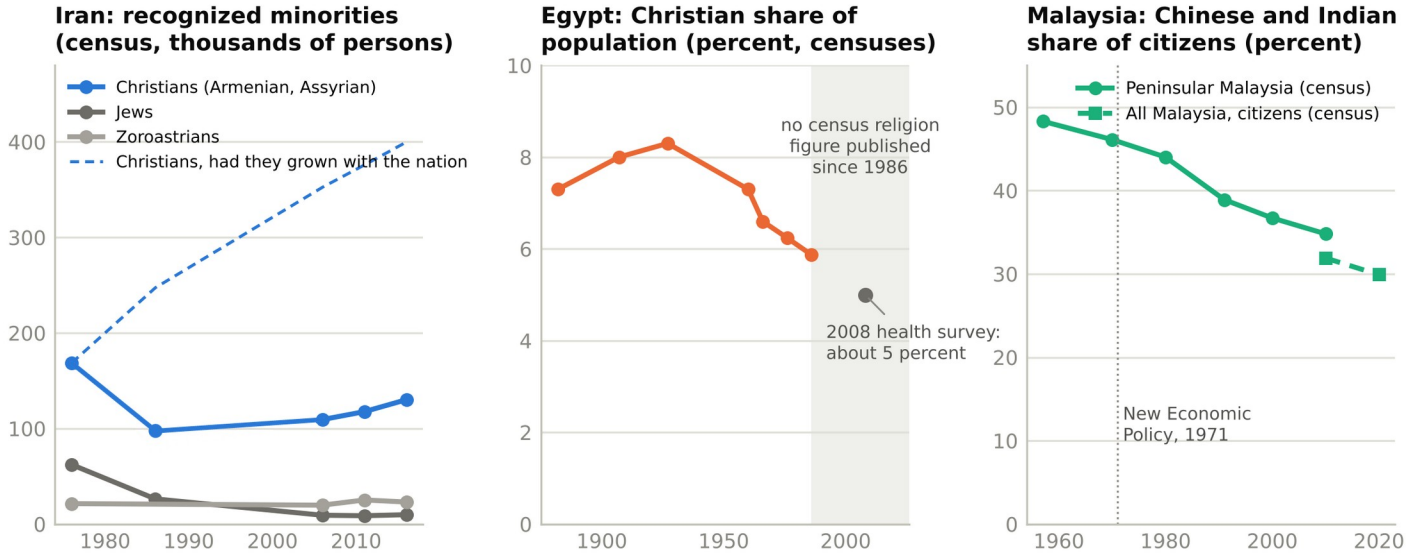


Sources: Pew Research Center, Appendix C to the June 15, 2026 report (data year 2023); World Bank Worldwide Governance Indicators (API, September 2026 update); Freedom House, Freedom in the World 2026. USCIRF 2026 recommends Iran as a Country of Particular Concern and Egypt and Malaysia for the Special Watch List.

Figure 1. The gradient: three countries on four measures of restriction and state quality.

Pew's Government Restrictions Index places all three states in its highest band, with the Islamic Republic of Iran the most restrictive; on rule of law and civil liberty the three rank in the order the study uses, Iran harshest, Egypt hard, Malaysia mild; social hostilities, which Pew counts separately from state action, run highest in Egypt. Sources: Pew Research Center (2023 data, published 2026); World Bank Worldwide Governance Indicators 2024; Freedom House 2026.

Figure 2. Absence as evidence: the minorities that shrank

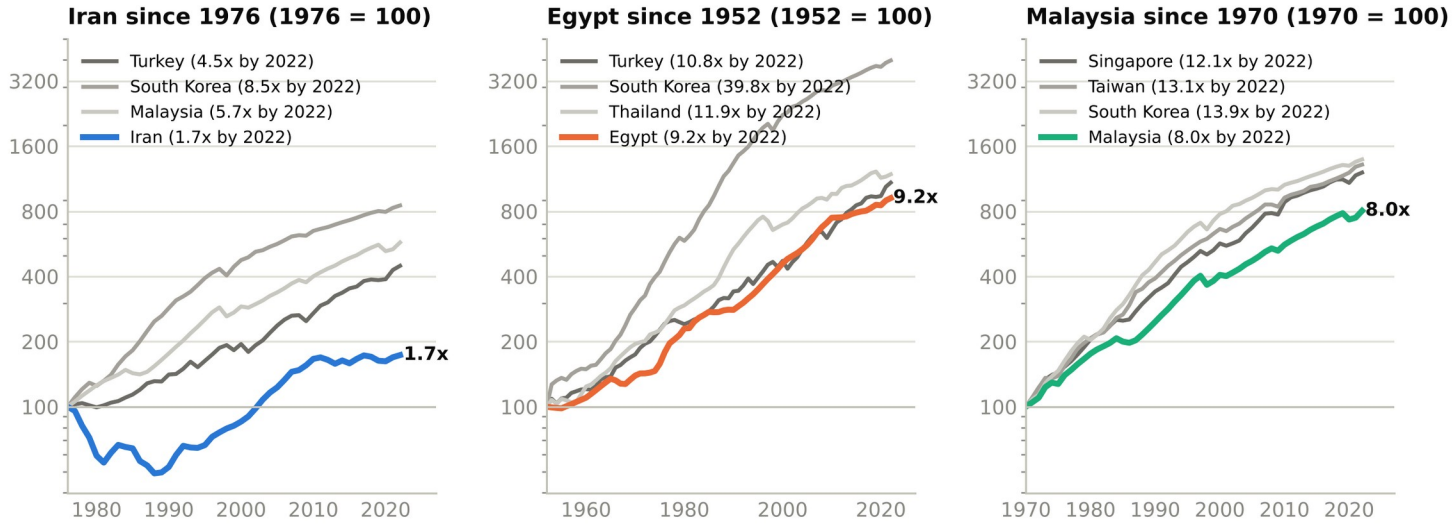


Sources: Statistical Centre of Iran censuses 1976-2016 (via UNSD, SFU, Iranica); Egypt censuses 1882-1986 as compiled by Hulsman (MIDEO 2012) and Tadros (Providence 2023), 2008 Egypt DHS via Pew (2011); Malaysia censuses 1957-2010 (Economic History of Malaysia, DOSM), 2020 census (DOSM). Iran's census does not count Baha'is or converts.

Figure 2. Absence as evidence: the minorities that shrank.

In the harshest case the damage is already done. Iran’s Jews fell from 62,258 in the 1976 census to 9,826 in 2016, against a national population that more than doubled; Egypt’s Christian share fell across a century of censuses; Malaysia’s Chinese and Indian share of citizens has declined steadily since 1957. The study treats absence as evidence: the people who would generate the annual loss have gone.

Figure 3. Divergence: real GDP per capita, indexed to the year each regime took hold (log scale)



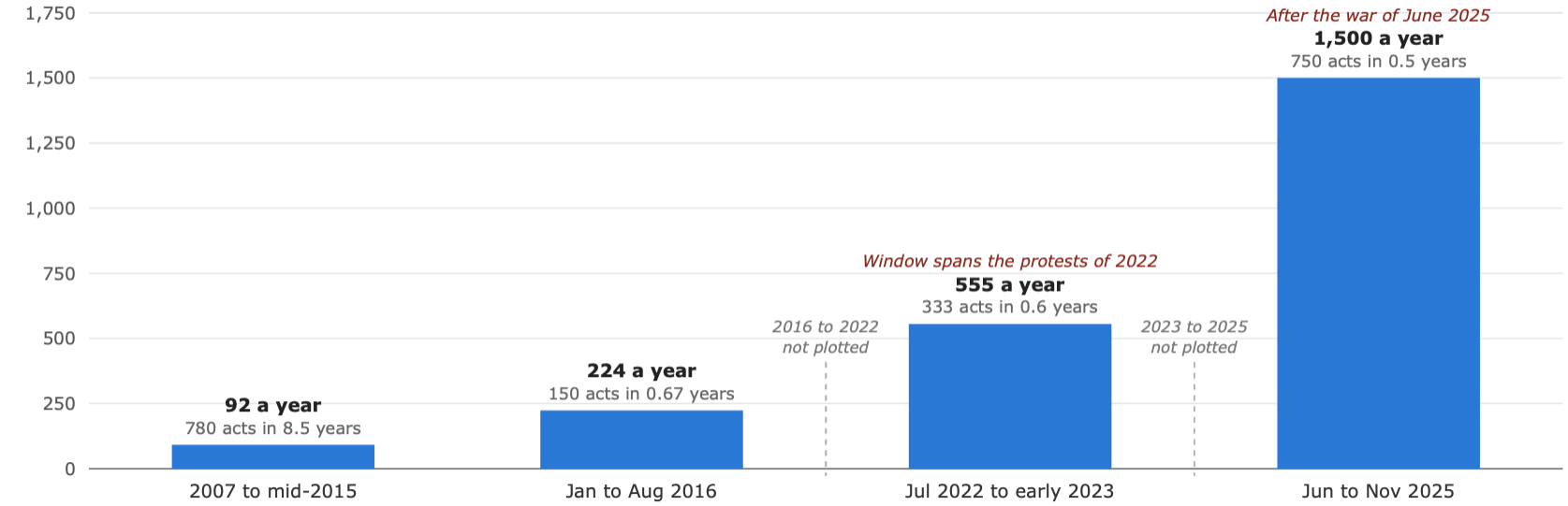
Source: Maddison Project Database 2023 (Bolt and van Zanden 2024), real GDP per capita in 2011 international dollars, through 2022. Iran's 1976 peak precedes the revolution; Egypt's base is the 1952 coup; Malaysia's the 1970 eve of the New Economic Policy.

Figure 3. Divergence: real GDP per capita, indexed to the year each regime took hold.

Real income per head, indexed to the year each regime took hold, against regional and East Asian comparators. The series is the Maddison Project Database 2023, in 2011 international dollars at purchasing-power parity, through 2022. On it Iran’s income per head rose 1.7-fold between 1976 and 2022, a little over 1 percent a year, while Turkey’s rose 4.5-fold and South Korea’s 8.5-fold. The World Bank’s national accounts in constant 2015 dollars, which weight the oil output of the 1970s differently, are harsher: on them Iran’s income per head in 2024, $5,834, is 21 percent below its 1976 level of $7,422, while Turkey’s has nearly quadrupled and South Korea’s risen elevenfold. At purchasing-power parity, Malaysia was richer per head than South Korea in 1970 and stands at about two thirds of South Korea’s level today.

Figure 4. Iran: economic persecution of Baha'is ratchets up in crises

Documented acts in four separate reporting windows, each expressed as a yearly rate. The years between windows are not plotted.

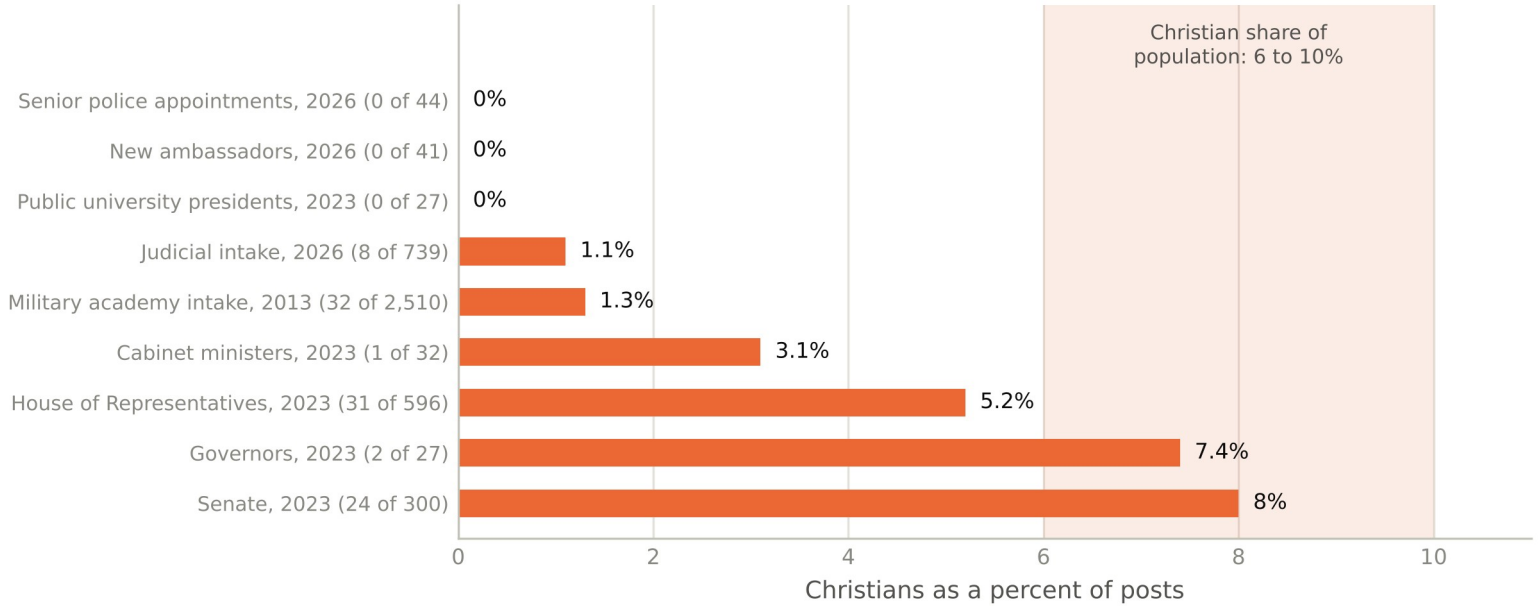


Source: Baha'i International Community counts (780 incidents, 2007 to mid-2015; 150 in January to August 2016; 750-plus in June to November 2025) and the U.N. Special Rapporteur's count of 333 from July 2022 to early 2023, annualized by this study. The windows are of unequal length and the counts are minimums: the figure shows steps between separate windows, not a continuous series.

Figure 4. Iran: economic persecution of Baha'is ratchets up in crises (documented reporting windows, annualized).

Acts of economic persecution against Baha'is documented by the Baha'i International Community and the U.N. Special Rapporteur in four separate reporting windows, each expressed as a yearly rate. The windows are of unequal length and the years between them are not plotted, so the figure shows steps, not a continuous series. The 1991 directive approved by Ali Khamenei orders that Baha'is be permitted only "a modest livelihood"; the documented rate rose from about two acts a week between 2007 and 2015 to more than one a day in the window that spans the protests of 2022 and about four a day in the months after the war of June 2025. The regime tightens the economic screw in its crises.

Figure 5. Egypt: Christians in the state, against their share of the population



Sources: Coptic Solidarity (Aug. 2, 2026) for the 2026 police, ambassador and judicial counts; The Century Foundation (Hanna, 2019) for the 2013 military intake; U.S. State Department, 2023 International Religious Freedom Report, for cabinet, governors, parliament and universities.

Figure 5. Egypt: Christians in the state, against their share of the population.

Christians are about 8 percent of Egypt's population on the study's central estimate. Their share of senior appointments in the sovereign institutions of the state, counted by name from official announcements, runs from zero to a few percent: no Christian among 44 senior police appointments or 41 new ambassadors in 2026, and eight among 739 judicial appointees the same year.

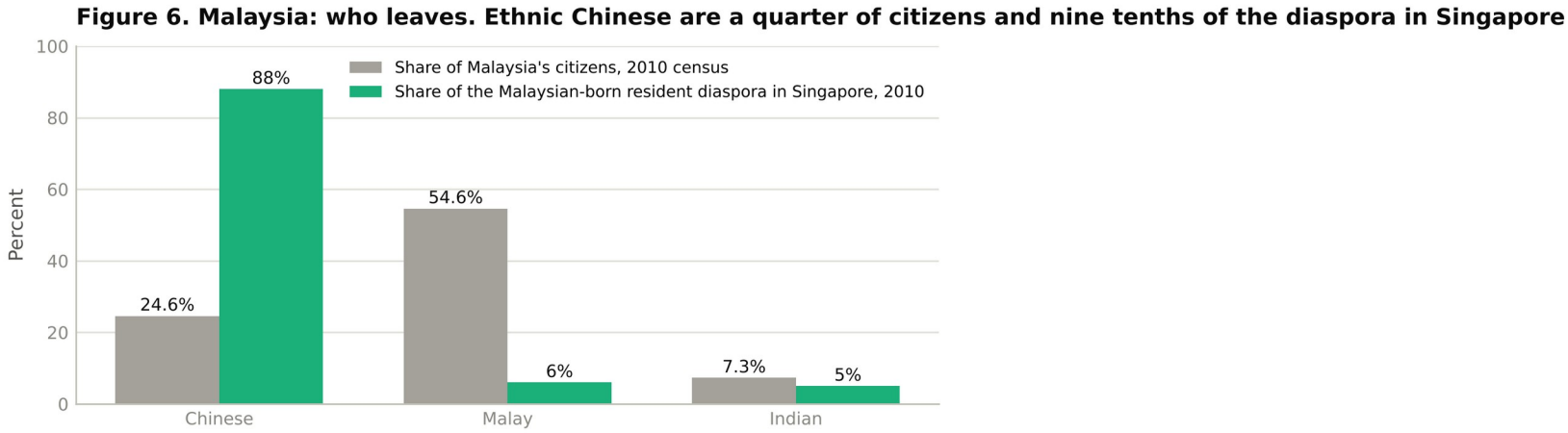
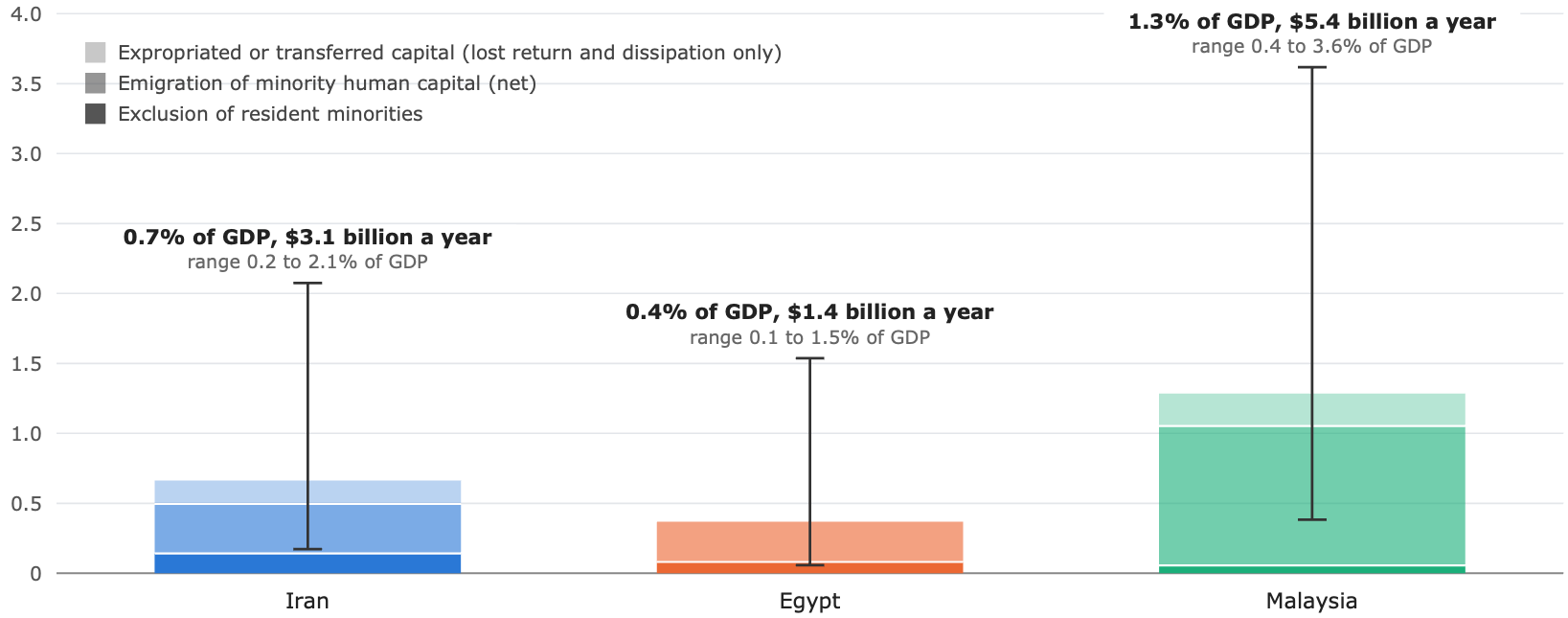


Figure 6. Malaysia: who leaves.

Ethnic Chinese are about a quarter of Malaysia's citizens and nine tenths of the Malaysian-born diaspora in Singapore; Malays, 55 percent of the population, are a few percent of it: a Chinese Malaysian is about thirty times as likely as a Malay to have settled there. When a World Bank survey asked Malaysian emigrants in 2011 why they left, 60 percent cited "social injustice."

Figure 7. The self-inflicted cost: what the majority society gives up each year

Percent of 2024 GDP, central estimate by channel; whiskers show the low-cost and high-cost scenarios. Transfers are excluded.



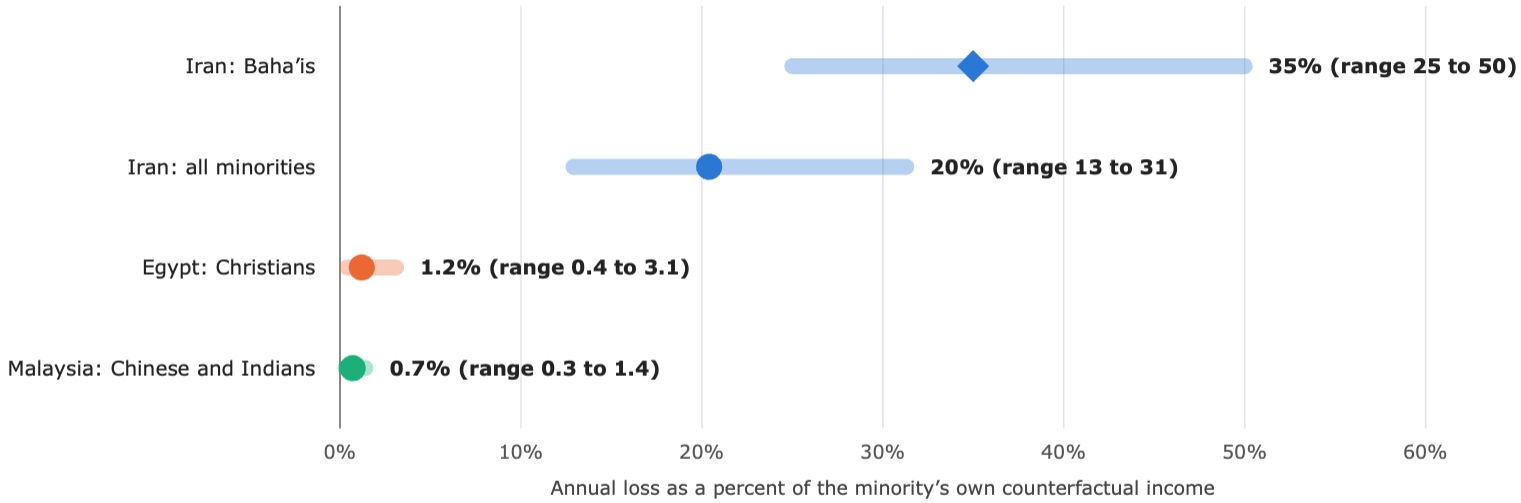
Source: this study's model, central scenario, with the low- and high-cost scenarios as whiskers (methods annex). Emigration is counted net: only the share of a departed worker's output that would have accrued to others (taxes, employer and consumer surplus, spillovers). Gross lost output is two to three times larger. Transfers are not counted: the third channel holds only the lost return on seized capital and the dissipated share of preferential allocations.

Figure 7. The self-inflicted cost: what the majority society gives up each year.

The majority's self-inflicted cost, central estimate with the low-cost to high-cost range, as a share of 2024 GDP: Iran 0.7 percent ($3.1 billion a year), Egypt 0.4 percent ($1.4 billion), Malaysia 1.3 percent ($5.4 billion). Three channels: misallocation of talent, net emigration of minority human capital, and expropriated or transferred capital. Transfers are excluded: the bars count only deadweight and spillover losses.

Figure 8. The minority's burden: what subordination costs the people it targets

Annual loss as a percent of the minority's own counterfactual income: central estimate (marker) and range (band).



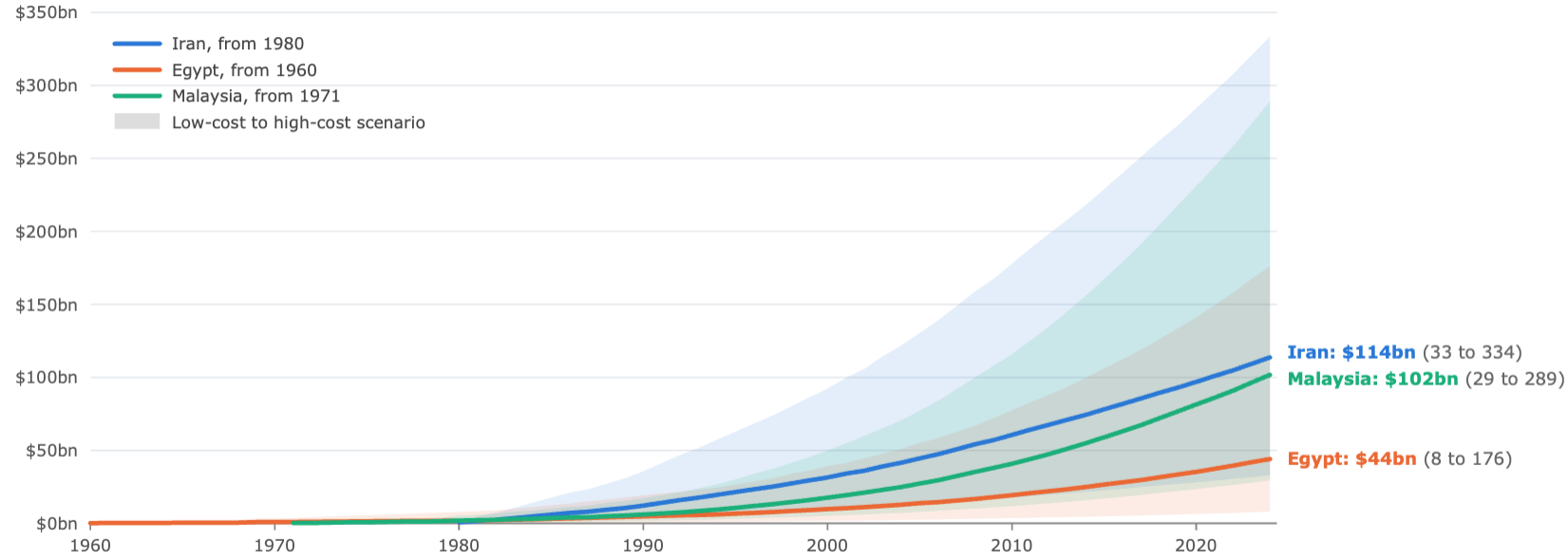
Source: this study's model (methods annex). Iran's figure covers Baha'is, recognized minorities and converts together; its range holds the sizes of the three groups at their central values. Egypt's and Malaysia's figures measure only the costs that can be priced (occupational exclusion, tuition, housing cross-subsidies) and omit violence, extortion and worship-site restrictions, which no source aggregates. In Malaysia most of the burden is a transfer to other residents.

Figure 8. The minority's burden: what subordination costs the people it targets.

What subordination costs the people it targets, as a share of the income they would otherwise earn: Iran's legally subordinated minorities about a fifth, its Baha'is about a third; Egypt's Copts about 1 percent, from occupational exclusion alone; Malaysia's Chinese and Indian citizens under 1 percent, the largest part in private tuition. The minority's burden tracks the harshness of the regime. It is an incidence: in Malaysia most of it is a transfer to other residents, which is why it is netted out of figure 9.

Figure 9. Cumulative output forgone since each regime took hold, net of transfers (constant 2015 US dollars)

Both sides of the ledger, less transfers between residents; US$ billion. Lines show the central scenario and bands the low-cost to high-cost range.



Source: this study's model applied to World Bank GDP in constant 2015 dollars. Iran from 1980, Egypt from 1960 (first year of data), Malaysia from 1971, each with the cost share phased in as emigration accumulated (methods annex). Totals are simple sums of annual losses, without compounding: about $260 billion in all, with a range from $70 billion to about $800 billion.

Figure 9. Cumulative output forgone since each regime took hold, both sides of the ledger net of transfers.

Output forgone on both sides of the ledger, net of transfers between residents, since each regime took hold, in constant 2015 dollars, with the low-cost and high-cost scenarios shaded: Iran about $114 billion since 1980, Egypt about $44 billion since 1960, Malaysia about $102 billion since 1971. About $260 billion in all, with a range from $70 billion to about $800 billion. The totals are simple sums of annual losses and do not compound.