



# THE POLITICAL ECONOMY OF THE RISING ISLAMISTS

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A year after the Arab uprising, Islamists are poised to take the reins of power in many Arab countries. They have already won the majority of parliamentary seats in Tunisia, Egypt, and Morocco, and will likely add to those gains in Libya and Jordan (and possibly in Syria once the violence subsides).

During the last four decades, centrist or modernist Islamists, most of whom accept the rules of the political game, skillfully positioned themselves as the alternative to the failed secular “authoritarian bargain.” They invested considerable capital in building social networks on the national and local levels, including non-government professional civil society associations, welfare organizations, and family ties. In contrast to their secular-minded opponents, they have mastered the art of local politics and built a formidable political machine that has repeatedly delivered the vote. Their recent parliamentary victories are not surprising, because they have paid their dues and earned the voters’ trust. These results show that they are now cashing in on social investments made under authoritarian rule.

Although the Islamists did not trigger the revolts that melted the Arab authoritarian order, their decades-long resistance to autocratic rulers did turn them into shadow governments in the peoples’ eyes. A vote for the Islamists implied a clean break with the failed past and a belief (still to be tested) that they can deliver the goods: jobs, economic stability, and transparency. Thus their rising political fortunes will ultimately depend on whether they can live up to their promises and meet rising expectations.

## THE BUSINESS AGENDA

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Islamist parties are increasingly becoming “service” parties: an acknowledgment that political legitimacy and the likelihood of reelection rest on delivering jobs and economic growth, as well as being transparent. This factor introduces a huge degree of pragmatism in their policies. The example of Turkey, especially its economic success, has had a major impact on Arab Islamists, many of whom would like to emulate the Turkish model. In other words, Arab Islamists have understood the truth of the slogan, “It’s the economy, stupid!” The Turkish model, with the religiously observant provincial bourgeoisie as its kingpin, also acts as a reminder that Islam and capitalism are mutually reinforcing and compatible.

It is notable that the Islamists’ economic agenda does not espouse a distinctive “Islamic” economic model. This is not surprising, however, for an Islamic economic model does not exist. Islamists suffer from a paucity of original ideas on the economy and have not even developed a blueprint to tackle the Arabs’ structural socioeconomic crisis. Nevertheless, what distinguishes centrist religious-based groups from their leftist and nationalist counterparts is a friendly sensibility toward wealth accumulation, free-market economics, and similar business activities. Islamism is a bourgeois movement that consists mainly of middle-class professionals, businesspeople, shopkeepers, petty merchants, and traders.

If there is a slogan that best describes Islamists’

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economic attitude, it would be: “Islam-is-good-for-business.” Many Arab Islamists admire and wish to imitate Turkey, even though they know little about its complex economy and lack its strategic economic model. What impresses them is Turkey’s economic dynamism, especially the dynamism of the religiously observant provincial bourgeoisie who have turned Kayseri, Konya, Gaziantep, and other Anatolian towns into industrial powerhouses that drive the nation’s economic growth.

For example, the Muslim Brothers have assured the western powers of their commitment to free-market

capitalism. Khairat al-Shater, the millionaire businessman and architect of the Brothers’ economic policy, has silenced those internal voices that call for a more egalitarian, socialist approach. Although he does not hold elected office, in April 2012 he met the International Monetary Fund (IMF) team that is negotiating a \$3.2 billion loan facility with the Egyptian government. The IMF has said it wants broad political backing for the deal. After the Brotherhood confirmed Shater as a presidential candidate (the election commission subsequently disqualified him), the group intensified its contacts with the western powers by having him meet with and reassure American diplomats and economists visiting Cairo.<sup>1</sup>

In an interview with Al Jazeera, Shater stated that economic development would be his administration’s most pressing priority and would be based on structural reforms and growth.<sup>2</sup> “They [the Brothers] tightened the screws on anyone who had different ideas about economics,” said Mohamed Habib, a former deputy supreme guide of the Brotherhood.<sup>3</sup>

## THE “ISLAMIC” ECONOMY

Although centrist Islamists in general have traditionally favored a free-market economy, they are likely to seek religious legitimation for their economic policies. For example, Islamist parties have publicly vowed to promote social justice and have stressed their long record of social work among the poor. Most have chosen names like “Justice and Development” or “Freedom and Justice,” a choice that at least shows their concerns, if not their priorities. In this sense, some Islamist-specific economic measures and ideas will be introduced to complement free-market capitalism.<sup>4</sup> Along with the Salafists, who are religiously ultra-conservative but less enamored with the free market, the Muslim Brothers have already called for the introduction of an index of Sharia-compliant companies as part of a wider move toward an “Islamic” economy. Designed to appeal to their base and attract investments from the Gulf Arab region, where a Sharia-

compliant economic system exists, the idea does not alter the basics of the Islamists' preference for free-market capitalism.<sup>5</sup>

Similarly, according to Ridha Chkoundali, one of the architects of Ennahda's economic program, "[t]he banking system will be diversified and the Tunisian financial market will therefore be made up of traditional and Islamic banks.... As a result, there will be more competition between the banks."<sup>6</sup> Abdelilah Benkirane, the newly designated Moroccan prime minister, has also shown that he understands the importance of addressing economic issues: "We will do everything to encourage foreign and domestic investment to create a climate of prosperity."<sup>7</sup>

## THE DUAL CHALLENGE

There is nothing in the Islamists' current proclamations and ideas that show them to be socialist-oriented, although they most readily accept the Keynesian model of active state intervention in the economy. Among the Islamists, it is the Salafists who are most attracted to the idea of such intervention and forcefully call for adopting distributive measures to address rampant poverty, especially among their poor urban and rural base. With minor variations, the dominant Islamist approach is free-market capitalism. In Egypt, Tunisia, and Morocco, the Brotherhood, Ennahda, and the Justice and Development Party, respectively, have sufficient interests to deal with such global financial

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institutions as the IMF and the World Bank. In short, they do not have the luxury or ideological commitment to be insular because their countries lack access to huge rents and raw resources, especially petroleum.

Nevertheless, the greatest challenge facing them is to deliver critical economic improvements in the short term while devising a comprehensive long-term reform agenda

that lays the foundation of a productive economy. Given the dismal socioeconomic conditions in transitioning Arab countries—abject poverty, double-digit unemployment, the absence of a competitive private sector, and rising expectations—the new governments will be hard pressed to focus on distributive policies and urgent short-term needs. Like other political groups, the Islamists have their sights on the electoral map and want to be re-elected. Will they have the time, space, and vision to invest in innovation, technology, and a knowledge economy in order to engineer sustainable development, or will they succumb to instrumentalist political temptation by pursuing short-term electoral gains?

## ENDNOTES

1 Ramadan Al Sherbini. "Brotherhood Courts the West," *Gulf News*, 5 April 2012.

2 Anas Ziki, "Al-Shater: We are competing for president because of a plot to make us fail," [in Arabic] *Aljazeera.net*, 12 April 2012.

3 Kirkpatrick, "Keeper of Islamic Flame Rises as Egypt's New Decisive Voice."

4 For a detailed account on the Brotherhood's economic plan and the kind of projects they intend to launch, see: Hani al-Waziri, "Al Masri Al Youm publishes details of the 'Brotherhood's renaissance' plans: Economic restructuring according to Islamic principles...and 100 national projects," [in Arabic] *Almasry-alyoum.com*, 26 April 2012. Also, see Ennahda's speedy efforts to pass a draft budget plan: Khamis Ben Barik, "Tunisia prepares a complete draft budget plan," [in Arabic] *Aljazeera.net*, 20 March 2012. Similarly, see Morocco's economic reform plans: Maghress, "Benkirane confirms his government intends to push reforms that will cut economic rent," [in Arabic] *maghress.com*, 15 March 2012.

5 Heba Saleh, "Egyptian officials look to set up Islamist index," *Financial Times Website*, 1 February 2012.

6 *Ibid.*

7 Cited in "Morocco Embraces Democracy as King Mohammed VI Appoints New Cabinet," Morocco News Agency, 3 January 2012, <http://morocconewsagency.com/democracy-embraces-morocco-king-mohammed-appoints-new-cabinet-1-3-12.html>.

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**POLICY BRIEF**

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