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**THE ISLAMIC ECONOMIC OPTION (IEO)  
AND THE CHALLENGE OF FAITH TO THE NEW WORLD ORDER**

By:  
Crystal A. Ennis

A Thesis  
Submitted to the Faculty of Graduate Studies and Research  
through Political Science  
in partial fulfillment of the Requirements for  
the Degree of Master of Arts at the  
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## ABSTRACT

Islam is an ever-present reality in the political, economic and social life throughout the Arab-Islamic world. In this region, there exists a pervasive notion that Islam should be an integral part of all economic and political aspects of the state. At present, many nations across the Arab-Islamic world face political and economic instability and uncertainty. Since the legitimacy of many regimes in the region is consistently called into question, and since Islamic movements and political parties often form the strongest opposition, the emergence of an Islamic government is a strong possibility. Overall, the purpose of this thesis is to examine the concept of an Islamic Economic Option. This thesis looks at what extent Islamic economic concepts differ from Western economic models. It asks whether or not an IEO could serve as a practical alternative to Western models and form a program that is compatible with the global order. Given an Islamic opposition movement's hypothetical rise to power, this thesis also asks what sort of economic strategy the group would follow and if it would retreat or remain involved in the global economy. This thesis concludes that while there is no specific economic model found in Islam, there are a series of principles and guidelines that could be used to construct an economic model or system based on Islam. The flexibility of an IEO allows it to be adjusted for different social and time contexts. On the whole, Islamic economic concepts do not significantly differ from existing models. Nevertheless, while an indigenously created economic system may theoretically be beneficial for the region, for the most part, Islamic opposition movements have not delineated clear economic programs. In the end, this thesis contends that given the right leadership, the strength and flexibility of Islamic economic principles allows the possibility that an IEO could be both a feasible and practical option for the Arab-Islamic world. The accomplishments of Islamic banking initiatives support this possibility. Further research could build upon the examination of Islamic economic theories and financial institutions to conduct detailed case studies on a sample of Islamic banks in a cross-section of nations. Moreover, a further study could be pursued to monitor the policy, position papers, publications and press releases of a sample of Islamic opposition movements over a number of years to gauge the strength and pragmatism of their economic platforms.

## TABLE OF CONTENTS

Abstract	iii
List of Tables	v
Introduction	1
Methodology	5
Chapter 1:	
Literature Review: The Islamic Economic Option (IEO)	7
The Capitalist sector	7
Social justice	13
The Problem of Interest and Investment	19
Chapter 2:	
The Arab State: A Question of Legitimacy	25
Origins of the Arab State	26
Sustaining Legitimacy in Modern Arab States	30
Chapter 3:	
The Opposition	47
History of Modern Islamic Thought: Reaction and Reform	49
<i>Jamal Al-Din Al-Afghani</i>	51
<i>Muhammad Abduh</i>	55
<i>Ali `Abd Al-Raziq</i>	61
<i>Rashid Rida</i>	64
<i>Sayyid Qutb</i>	67
<i>Hasan Al-Banna and the Ikhwan Al-Muslimin</i>	71
Contemporary Islamic Movements	78
Chapter 4:	
Economic Aspirations and Endeavours	93
Economic Platforms of the Opposition	95
Global Islamic Banking	102
Conclusion	112
Bibliography	117
Vita Auctoris	125

## **LIST OF TABLES**

<b>Table 1:</b>		
Principles of Islamic Economy		<b>12</b>
<b>Table 2:</b>		
Comparisons of Islamic Financing		<b>109</b>



## INTRODUCTION

The Western convention of separating religion and state frowns upon the notion of religion as an intricate part of politics. Thus, the idea that religion should play a role in the political and economic structure of a society is considered objectionable to many Western scholars.<sup>1</sup> Among those religions that purport religious influence in socio-political and economic spheres, Islam seems to incite the most wariness. In fact, the idea of an Islamic political or economic system of any variety seems to invoke fear. People are often fearful of something they do not know. Hence, the contemporary re-emergence of Islam in Muslim politics has drawn worldwide attention. The geopolitical significance of an Islamic resurgence is of substantive interest to the western world.<sup>2</sup> Moreover, increasing globalization, coupled with the stake that many countries with a majority Muslim population have in the global economy, lends greater concern toward the possibility of the “Islamization” of any given country’s economic structure or development path.

Given the interest this fear generates, it is of considerable appeal to address what an Islamic-directed development system would entail. Moreover, confronting the question of whether this system would interact or indeed retreat from the globalized world is also significant to the development of this research. In order to conceptualize an Islamic development model and assess its importance, it is crucial to understand why

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<sup>1</sup> See for example, Donald E. Smith’s *Religion and Political Development* (Boston: Little Brown and Company, 1970). In this book, Smith argues that the “secularization of politics continues as a fundamental aspect of political development.” 201

<sup>2</sup> John Esposito, *Voices of Resurgent Islam* (New York: Oxford University Press, 1983), 11

Islam is always at the forefront of any discussion of social, political or economic change in much of the Arab-Islamic world.<sup>3</sup>

When Islam emerged in the sixth century of the Common Era (CE), it functioned as an agent of dramatic change.<sup>4</sup> Self-defined as the fulfillment of the prophetic legacy of the Abrahamic faiths; Islam attributes itself with bringing the final message from God to humanity and providing direction to the monotheistic worship of the 'one true God,' Allah.<sup>5</sup> According to Muslim tradition, the prophet Muhammad received his message from God through the angel Gabriel.<sup>6</sup> These words are believed to be of divine origin and indeed are considered the very words of God.<sup>7</sup>

Along with a clearly defined belief system, the arrival of Islam initiated social reconstruction, provided new political direction and unfolded economic precepts deemed desirable for both progress and obedience to the Almighty. In sum, Islam represented a "thoroughly integrated religiopolitical unity."<sup>8</sup> The Prophet was not just a religious figure

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<sup>3</sup> For purposes of this thesis, the region containing Arabic-speaking nations of the Islamic world, particularly those that fall into the Middle East North Africa (MENA) region, shall be the focus.

<sup>4</sup> See Albert Hourani's *A History of the Arab Peoples* (New York: MJF Books, 1991), 19 – 25 for an introductory discussion of the change begun during the Prophet Muhammad's lifetime and continued through the rule of the first caliph. Bernard Lewis also briefly outlines this change in *Islam and the West* (New York: Oxford University Press, 1993), 4.

<sup>5</sup> Shaikh Ali Al-Tantawi, *General Introduction to Islam* (Jeddah: Al Manara Publishing and Distributing House, 1997), 46.

Allah means 'The God' in Arabic. Mahmoud M. Ayoub, "The Islamic Tradition" in Willard Oxtoby, ed., *World Religion – Western Traditions 2<sup>nd</sup> Edition* (Don Mills: Oxford University Press Canada, 2002), 342.

<sup>6</sup> Ayoub, 344. The Angel Gabriel is called *Jibreal* in Arabic.

<sup>7</sup> Peter J. Awn, "Faith and Practice" in Marjorie Kelly, ed., *Islam, the Religious and Political Life of a World Community* (New York: Praeger Publishers CBS Educational and Professional Publishing, 1984), 2–3.

<sup>8</sup> Smith, 266.

but also a political head, judge and leader of the army.<sup>9</sup> It is important to emphasize that the message of Islam was not merely religious in nature. In fact, Islam is commonly referred to as a “way of life.”<sup>10</sup> For its believers, Islam provides a complete guide to living that includes all social, political and economic aspects. Since the Qur’an is understood to be of divine origin, it is not surprising that the directives of the religion are accepted as a guide for humanity. Indeed, it is the notion that Islam is a complete way of life that makes it difficult to separate Islam from the political and economic aspirations of a nation comprised predominantly of Muslims.<sup>11</sup>

Consequently, Islam is an ever-present reality in political and economic life throughout the Arab-Islamic world. Indifferent to how secular or religious a regime may be, any form of government in power in the Islamic world must at the very least pay lip service to Islam in order to justify its rule. Furthermore, the history of colonialism and Western subjugation throughout the Arab-Islamic world, combined with the problem of legitimacy surrounding the rule of many current governments in place in the Middle East, has made the region ripe for the re-emergence of Islam. In fact, in many nations of the Arab-Islamic world, the strongest and perhaps most plausible opposition to existing leadership are Islamic movements and/or Islamic based political parties.<sup>12</sup>

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<sup>9</sup> Smith, 266.

<sup>10</sup> Ayoub, 360.

<sup>11</sup> Marjorie Kelly discusses the lack of distinction between religious and socioeconomic and political realms in her chapter entitled “Muslim Nation States” in Marjorie Kelly, ed., *Islam, the Religious and Political Life of a World Community* (New York: Praeger Publishers CBS Educational and Professional Publishing, 1984), 173 – 195.

<sup>12</sup> For more detailed discussion of the Islamic presence in the political world of many Middle Eastern nations see Kelly’s “Muslim Nation States” in Kelly, 173 – 194 and Roger Owen, “The Politics of Religious Revival” in *State, Power and Politics in the Making of the Modern Middle East*, 2<sup>nd</sup> Edition (New York: Routledge, 2000), 173 – 191.

Islamic resurgence has surfaced in a variety of forms ranging from legitimate political opposition parties, to militant groups, to pulpit-based religious rhetoric.<sup>13</sup> The arbitrary nature of regimes in the Arab-Islamic world as well as the seeming fragility of many governments makes the emergence of an Islamic based leadership a strong possibility. Even without the arrival of a new Islamic government, the idea that Islam should play a stronger role in the political and economic aspects of the state is being called for throughout much of the region.<sup>14</sup> Furthermore, the imposition of Western methods of development seems to have largely failed.<sup>15</sup> Thus, a claim can be made that an indigenous strategy for development may be more feasible, practical and sustain greater legitimacy. However, the implications that might accompany the implementation of indigenous Islamic models alarm the Western world.

The purpose of this research is to examine the concept of an Islamic economic and development model. In so doing, it will explore the framework of an Islamic economic model, its practicality, its compatibility with the contemporary world, and the extent to which it differs from existing models. First, this research will survey the theoretical foundations of Islamic economics. Second, it will discuss the political situation in the Arab world, and examine the quandary of political legitimacy in the region. Third, this research will provide a historical background that highlights relevant Islamic resurgence and reformation movements in the twentieth century to the present

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<sup>13</sup> Ibid and John Esposito, ed., *Voices of Resurgent Islam* (New York: Oxford University Press, 1983).

<sup>14</sup> M. Umer Chapra, *Islam and Economic Development: a Strategy for Development with Justice and Stability* (Islamabad: International Institute of Islamic Thought and the Islamic Research Institute, 1993), xii.

<sup>15</sup> Muhammad Al-Buraey, *Administrative Development: An Islamic Perspective* (London: KPI Limited, 1985), 175.

time. Finally, it will look at what contemporary Islamist movements have proposed in terms of economic development as well as Islamic banking around the world.

## **METHODOLOGY**

The central research question guiding this study asks if there is an Islamic economic model and if so, what constitutes this model. It also looks at whether this plausible model is both practical for the region and compatible with the Western world. There are three main contentions put forth throughout this thesis. First, there is a strong possibility that given regime-change in an Arab state, the Islamic opposition would most likely attain power because Islamists form the strongest political opposition to existing leaders. Second, there is no specific Islamic economic model. However, there are principles and guidelines that can be gleaned from Islam's sacred texts and from Muslim thinkers that can be shaped to form an economic option based on Islam. Third, there is potential that an indigenously-constructed economic system based on Islam could be a practical alternative for the Arab region. By and large, an Islamic economic option is not that different from existing models. Though this option could theoretically be compatible with the global order, it seems likely that many of the current Muslim opposition movements would withdraw from this order. At one level, modern Islamic banking initiatives across the world have been successful in operating in today's financial milieu. At another level, at this early stage in their political development, the Islamist opposition has largely been unable to craft an economic platform that that is either practical or viable.

For the purpose of composing this research, qualitative methods have been utilized. Secondary sources were consulted, including books, scholarly journals, articles

as well as the literature of sacred texts. In order to more accurately delineate the elements of this model as well as address questions concerned with its compatibility and practicality, it was necessary to consult a large number of translated works written by past and present residents of the Arab-Islamic world. A second element of this study involved a limited amount of field research. A number of informal interviews were conducted in both the United Arab Emirates and Oman. Literature was also gathered from these locations. One interview involved a meeting with Ahmed El Shall, the senior vice president of the Abu Dhabi Islamic Bank. Several other informal interviews were conducted at varying levels of the Capital Market Authority of Oman, the Muscat Securities Market and the Omani Centre for Investment Promotion and Export Development (OCIPED).

Due to the space confines of a thesis, it was necessary to restrict this analysis to the Arab-Islamic world. Moreover, given the research interests of the writer, speaking of the Arab-Middle East was better suited to their future academic direction. The Islamic Republic of Iran would make an interesting case given the focus of the research. However, it was not considered in detail for two reasons. Simply stated, while Iran is an Islamic state, it is not an Arab state. However, Iran's Islamic institutions, government, and the Islamic revolution in general do provide an interesting political reference point. Be that as it may, the abundant literature on Iran is confined to political, ideological, religious and international relations issues. Literature in economic policies is insufficient. Hence, for the purposes of this paper, the bulk of discussion will focus on the Arabic-speaking countries of the Middle East. The nations under examination will be described in greater detail in Chapter 2.

## **CHAPTER 1: Literature Review: The Islamic Economic Option (IEO)**

The study of Islam and socio-economic development is not very prominent in scholarly literature today. A majority of current works on Islam discuss 'hotter' topics such as terrorism in the wake of September 11<sup>th</sup>, 2001. The stronger and more specific studies on Islam and socio-economic development are from the 1950s until the early 1980s. Today, there is a limited amount of recent work in the area. Good scholarship involving solid and comprehensive analyses is generally dated. Moreover, much of the older material in Islamic studies utilizes outdated terminology and ways of portraying cultures outside the Western world. Therefore, a comprehensive analysis aimed at updating existing literature and providing new analysis is desperately needed for this field of study. The more recent theories and other premises guiding work in the area have been established in literature covering a wide range of areas. Hence, recent materials have been consulted on Islam and politics, Islam and capitalism and Islam in relation to the Western world, postmodernism, liberalism and globalism. The discussions presented in both dated and more recent literature can be categorized into three main themes relevant to the study of Islam and economic development; namely the capitalist sector, social justice and the problem of interest and investment.

### ***The Capitalist Sector***

For the purpose of this discussion, Maxime Rodinson's definition of the capitalist sector will be employed. Rodinson is one of the foremost scholars on Islam and

Capitalism<sup>16</sup> His rather lengthy discussion describing the capitalist sector can be narrowed down to three main elements:

- (1) Mode of production:
  - a. Production carried on in an enterprise where wages are paid to “free” workers for the purposes of producing commodities to be sold for the profit of the enterprise.
- (2) Trade and Commerce:
  - a. Trade employing money in order to develop production for the market.
- (3) Rational Activity:
  - a. Involving the “expectation of profit by the utilization of opportunities for exchange.”<sup>17</sup>

This discussion of the capitalist sector is noticeably void of any discussion of investment and interest. It is necessary to separate the topic of investment and interest into a separate discussion because of the special indicatives in Islamic doctrine toward interest. Thus, the problem of interest in the Islamic model shall be discussed later.

An analysis of Islam and the capitalist sector is of particular interest given assumptions made by some scholars claiming that Islam is antithetical to capitalism. This school of thought often argues that Islam is not compatible with economic development primarily because the very religion “breeds fatalism, low aspirations and other backward symbols and myths of traditionalism.”<sup>18</sup> Other prominent critics of the Islamic model, namely Bernard Lewis (1916-present) and Elie Kedourie (1926-1992), concur in their analysis of Islam as incompatible with capitalism insofar as it continues to object to the separation of religion and state, thus precluding the secularization of political and

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<sup>16</sup> Maxime Rodinson, *Islam and Capitalism*, translated by Brian Pearce (Austin: University of Texas Press: 1978).

<sup>17</sup> Rodinson, *Islam and Capitalism*, 4-11.

<sup>18</sup> Ozay Mehmet, *Islam and Economic Development: the Challenge of Modernity* (Ottawa: Asian Pacific Research and Resource Centre, 1991). Series title: Working paper series (Carleton University. Asian Pacific Research and Resource Centre), 15.



economic institutions which they see as a prerequisite to development.<sup>19</sup> Elie Kedourie further concluded that in the Arab-Islamic world ideological politics “provide[s] no alleviation for the ills of the Arab world, nor can [it] promise anything but heavy-handed rule conducive neither to welfare, nor to freedom, nor to prosperity.”<sup>20</sup>

Literature from an earlier generation of scholars also contributed to the above-noted sentiment. Max Weber (1864-1920) was one such author. He is perhaps best known for developing the ‘Protestant Ethic’ theory of capitalist development. Weber also emphasized the necessity of the secularization of political institutions.<sup>21</sup> However, his assessment of Islam was far grimmer than that of Lewis and Kedourie. Weber’s well-known work, the *Sociology of Religion*, examined the relationship between religion and capitalism.<sup>22</sup> In it, Weber grouped Islam with other ‘Asian’ religions and argued that there was an “absence of rational capitalism” outside the Westernized world.<sup>23</sup> While he discussed what he described as the “essential political character [that] marked all the chief ordinances of Islam,”<sup>24</sup> he maintained that Islam lacks “rationalism” and is fundamentally “feudal.”<sup>25</sup> Weber can be credited with developing, systemizing and

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<sup>19</sup> Elie Kedourie, *Democracy and Arab Political Culture* (Washington: The Washington Institute for Near East Policy, 1992), 2-7; Bernard Lewis, “The Return of Islam” in *Islam and the West* (New York: Oxford University Press, 1993), 133-154; and Bernard Lewis, *The Political Language of Islam* (Chicago: The University of Chicago Press, 1988), 2-5.

<sup>20</sup> Elie Kedourie, *Democracy and Arab Political Culture* (Washington: The Washington Institute for Near East Policy, 1992), 105.

<sup>21</sup> Bryan S. Turner, “Islam and Secularization” in *Weber and Islam* (London: Routledge and Kegan Paul Ltd., 1974), 151-170.

<sup>22</sup> Max Weber, *The Sociology of Religion* [translated by Ephraim Fischoff] (London: Beacon Press, 1963).

<sup>23</sup> Bryan S. Turner, *Capitalism and Class in the Middle East* (London: Heinemann Educational Books, 1984), 30.

<sup>24</sup> Weber, 263.

<sup>25</sup> *Ibid.*, 262-266.

advancing the theory of Muslim “fatalistic indifference” as opposed to the European “spirit of initiative.”<sup>26</sup>

Bryan S. Turner argued against the view emphasizing the essentiality of secularization. He disagreed with the idea that secularization was an inevitable process across the globe. He maintained that even if this were the case, then different social and cultural contexts would necessarily vary the type and extent of secularization in any given region. Thus, he claimed that “if secularization is taking place, then the secularization of Islam is likely to be very different from the secularization of Christianity.”<sup>27</sup> As such, the experience of development in the Islamic world has varied and will continue to vary from the Western and Christian experience. Turner asserted that the claim that development can only be successful if it follows the path of the Western world overlooks the different paths to development taken by Eastern nations like Japan and China.<sup>28</sup> On that note, J.H. Boeke goes so far as to consider the Western model as “totally inapplicable” to developing regions. He cautioned against “transplant[ing] the tender, delicate hothouse plants of Western theory to tropical soil, where an early death awaits them.”<sup>29</sup>

Other schools of thought that discount the secularization argument also question why an Islamic based model is regarded as inimical to development. These scholars

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<sup>26</sup> Rodinson, 76-77.

<sup>27</sup> Turner, *Weber and Islam*, 158.

<sup>28</sup> *Ibid.*, 151-170.

<sup>29</sup> Dr. J.H. Boeke, *Economics and Economic Policy of Dual Societies* (New York: Institute of Pacific Revelations, 1953) cited in K.M. Azam, *Economics and Politics of Development – an Islamic Perspective* (Karachi: Royal Book Company, 1988), 9.

provide a far more favourable outlook on Islam in connection with the capitalist sector. Maxime Rodinson (1915-2004), a leading scholar in the area, authored a comprehensive 300-page study entitled *Islam and Capitalism*.<sup>30</sup> In this book, Rodinson provided a careful analysis that discussed the problem of development in the Islamic world, the question of compatibility, economic practice in Islam and the Muslim world today as well as the influence of ideology.<sup>31</sup> Through his analysis of the Qur'an, Rodinson argued that contrary to Weber's thesis, rationality played a large part in Islam.<sup>32</sup> In fact, he contended that "the [Qur'an] accords a much larger place to reason than do the sacred books of Judaism and Christianity."<sup>33</sup>

Moreover, Rodinson demonstrated that there was nothing in Islamic theology against wage labour, private property, commercial activity or trade. In fact, he argued that Islam looks favourably upon commerce and trade while simultaneously condemning fraudulent business practices. Furthermore, Rodinson showed how various references in the Qur'an support private property as outlined in the rules of inheritance as well as the right of the individual to be paid a fair wage for work done.<sup>34</sup> Thus, he concluded that "the ideas of Islam on economic life, or on the conduct of man in general, are not in the least opposed to an orientation of activity in the direction of capitalism."<sup>35</sup>

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<sup>30</sup> Rodinson, *Islam and Capitalism*.

<sup>31</sup> Rodinson, *Islam and Capitalism*.

<sup>32</sup> *Ibid.*, 78, 99.

<sup>33</sup> *Ibid.*, 91.

<sup>34</sup> *Ibid.*, 13-17.

<sup>35</sup> *Ibid.*, 116.

A number of other scholars, secular and Muslim alike, concur with Rodinson's analysis. According to Mohammad Shawqi Al-Fanjari, a Muslim scholar on Islamic Economy, the principles of economics outlined in Islam are not isolated statements but rather are intertwined with other overarching aspects of life. He stated, "Islam has a realistic view towards life. In its opinion, all aspects of life are inter-dependent and its materialist side has to rely on its spiritual side. For this reason, Islam's economic principles are mixed with others which may be material, social or educational."<sup>36</sup> In light of the interdependent of economic, political and religious aspirations in Islam, it is useful to be aware of the fundamental principles of an Islamic economy identified by Muslim scholars. These principles are summarized in Table 1.

**Table 1**  
**Principles of Islamic Economy**

Encouraged	Discouraged/Forbidden
Participation in economic activity	Gaining money through usury
Earning profit	Acquiring money through gambling
Abundant production	Accruing wealth by exploiting the weak
Equitable wages for labour or service	Using property of other without legal claim
Private ownership	Wastefully spending money
Equitable distribution of earnings	Hoarding wealth
Moderation in economic relations	
Proportion of wealth given to needy	
Leaving property to relatives	
Satisfaction of essential wants	

See footnote for references.<sup>37</sup>

<sup>36</sup> Mohammad Shawqi Al-Fanjari, *Islam and Contemporary Economic Theories* [book online] (n.p., WPONLINE.ORG, 2002, accessed December 2004); available from [http://www.witness-pioneer.org/vil/Books/MF\\_ICIT/Default.htm](http://www.witness-pioneer.org/vil/Books/MF_ICIT/Default.htm).

<sup>37</sup> Al-Fanjari [book online]; Khalid M. Ishaque, "The Islamic Approach to Economic Development" in Esposito, *Voices of Resurgent Islam*, 268-276; Ahmed H. Al-Maamiry, *Economics in Islam* (New Delhi: Lancers Books, 1987), 1-18; and Mehmet, 4-7.

The ideas prevalent in the writings of Muslim authors should not be surprising given the legacy of economic activity in Islam. The society in which Islam emerged was a trade-based civilization. In fact, at several times in history the Middle East was “one of the commercial centres of the known world.”<sup>38</sup> Eventually, trade even extended as far as East Asia. Ozay Mehmet contended that this trade “financed high culture, learning as well as public programs for income security” through such venues as a public welfare fund and the distribution of charity through trusts and endowments.<sup>39</sup>

### ***Social Justice***

Thus, aside from references to profit, production and private property, Islam places a great weight on social justice. This emphasis has been so great that Islam has often been described as egalitarian and even labelled “socialist” in theory.<sup>40</sup> John Thomas Cummings, Hossein Askari, and Ahmad Mustafa asserted that “in Islam, capitalist practices are acceptable only to the extent that they conform to overall social goals.”<sup>41</sup> According to their analysis of Islam, if one segment of society were deprived of some basic need, these needs would take priority over the “the economic desires of the wealthy.”<sup>42</sup>

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<sup>38</sup> John Thomas Cummings, Hossein Askari, and Ahmad Mustafa, “Islam and Modern Economic Change,” in John L. Esposito, ed., *Islam and Development: Religion and Sociopolitical Change* (New York: Syracuse University Press, 1980), 25.

<sup>39</sup> Mehmet, 24-25.

<sup>40</sup> Fazlur Rahman, “The Sources and Meaning of Islamic Socialism,” in Donald Eugene Smith, ed., *Religion and Political Modernization* (New Haven and London: Yale University Press, 1974), 243-258.

<sup>41</sup> Cummings, et al., 40.

<sup>42</sup> *Ibid.*, 40.

Despite this emphasis on social justice, Rodinson argued against the notion that Islam is closely linked to socialism in his book, *Marxism and the Muslim World*.<sup>43</sup> As in his earlier work on Islam and capitalism, he maintained that Islam is better-disposed to capitalist practices than to socialist theories. Cummings et al. seem to agree with this assessment when they write that “the common points [Islam] shares with Marxist socialism are for the most part limited to attitudes about the past and present abuses of capitalism that have outraged many adherents of socialism, especially relative to income distribution.”<sup>44</sup> This is primarily understood as the case because of the emphasis Islam attributes to private ownership. Socialist theory which denies the right to private ownership would be contrary to Islamic ideas.<sup>45</sup>

In any case, one of the ways that Islam emphasizes social justice is through the requirement of *zakat*. Islam requires that every Muslim pay *zakat* – a proportion of their net worth—to the benefit of the poor.<sup>46</sup> *Zakat* functions as both alms for the needy and an annual welfare tax consisting of 2.5 percent of the value of all accumulated wealth.<sup>47</sup> Scholars differ on whether it is intended to serve as a compulsory tax or simply as a form of devotion.<sup>48</sup> However, during the early Islamic period, *zakat* was known to be used as a wealth tax. At that time, *zakat* was kept in a central treasury and distributed for

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<sup>43</sup> Maxime Rodinson, *Marxism and the Muslim World*, translated by Jean Matthews (New York and London: Monthly Review Press, 1981).

<sup>44</sup> Cummings, et al., 41.

<sup>45</sup> *Ibid.*, 38-42.

<sup>46</sup> M. Umer Chapra, *Islam and Economic Development: a Strategy for Development with Justice and Stability*. (Islamabad: International Institute of Islamic Thought and the Islamic Research Institute, 1993), 82-83.

<sup>47</sup> Ayoub, 364.

<sup>48</sup> Mehmet, 25.

educational, civic, and social assistance purposes like caring for the orphans and needy.<sup>49</sup> Essentially, *zakat* comprised a sort of fiscal policy that was used as a means of redistributing income in classical Islam.<sup>50</sup>

In essence, while Islamic doctrine permits and even encourages economic activity in what has been described as the capitalist sector, prominence is placed on ensuring that these activities are conducted in a manner conducive to justice and equality. Rodinson asserts, "For Islam the stress is laid rather upon the good use to be made of one's possessions, the merit that lies in expending them intelligently and distributing them with generosity."<sup>51</sup> Rodinson considers this attitude to be "favourable to economic expansion."<sup>52</sup> The process of engaging in commerce and trade is governed by clear guidelines as a means of enforcing the general welfare of the state.<sup>53</sup> Thus, economic activity is "endorsed only as long as it is harmonious with and strengthens the social fabric."<sup>54</sup>

As a result of Islam's emphasis on social justice, Muslim theorists often call for the introduction of a "just" alternative to social development. Islam, of course, functions as the chief provider of this just alternative. M. Umer Chapra wrote an entire book calling for and analyzing the notion of an Islamic economic strategy in his work entitled

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<sup>49</sup> Ayoub, 364.

<sup>50</sup> Mehmet, 24.

<sup>51</sup> Rodinson, *Islam and Capitalism*, 108.

<sup>52</sup> Ibid.

<sup>53</sup> Cummings, et al., 39.

<sup>54</sup> Cummings, et al., 40

*Islam and Economic Development: A Strategy with Justice and Stability.*<sup>55</sup> The primary difference between the Islamic alternative and capitalist or socialist models identified by Chapra is the necessity of implementing the moral element inherent in Islam. Chapra asserted,

... material development with justice is not possible without moral development. The rationale for this contention is that development with justice requires an 'efficient' and equitable use of all resources and both 'efficiency' and 'equity' can neither be defined nor actualised without the injection of a moral dimension into economic pursuits.<sup>56</sup>

Moreover, other scholars have asserted that economic development will only occur in the region if "a clear perspective and vision of Islamic values" is adopted.<sup>57</sup> Muslim scholars on a whole try to synthesize economics with Islamic ethics. Ahmed H. Al-Maamiry followed this trend as well. He asserted that only Islam could provide comprehensive development because it blended material development with spiritual development. He illustrated how both capitalism and socialism fall short of meeting human needs in one way or another. However, Islamic development is not limited to fulfilling certain human requirements while leaving out others.<sup>58</sup> Thus, he insisted that Islam takes all developmental needs into account and does "not accept capital without guaranteeing bread" nor accept socialist development guaranteeing bread but denying "freedom of expression."<sup>59</sup>

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<sup>55</sup> M. Umer Chapra, *Islam and Economic Development: A Strategy with Justice and Stability* (Islamabad: International Institute of Islamic Thought and the Islamic Research Institute, 1993).

<sup>56</sup> Chapra, 7.

<sup>57</sup> Muhammad Al-Buraey, *Administrative Development: An Islamic Perspective* (London: KPI Limited, 1985), 204.

<sup>58</sup> Al-Maamiry, 151.

<sup>59</sup> Al-Maamiry, 151.



K. M. Azam took a slightly different road in his approach to the moral dimension of Islamic economics. Discussing what he described as the “impetus of faith,” he did not claim this faith had to be in Islam or even religious in nature for that matter.<sup>60</sup> Rather, he asserted that faith in general had a strong role to play in development. On one hand, he did look to the “faith of Islam” to rekindle initiative and hope. On the other, he assumed that faith could also comprise “manmade ideals such as Marxist philosophy or parliamentary democracy and so forth.”<sup>61</sup> Despite Azam’s more universal application of faith, the general idea ascribing importance to Islamic belief within the confines of a development model remains consistent with the ideas of other Muslim writers.

Sayyid Qutb was one of the most influential Islamic thinkers from the Arab world. He primarily wrote from the 1940s to the 1960s. The impact he had during his lifetime and on the generations following him makes his writings worth reviewing. His works influenced the early years of the *Society of the Muslim Brotherhood* in Egypt, as well as many other Islamic movements even to the present day.<sup>62</sup> In his writings, he proposed Islam as an alternative to communist, capitalist, liberalist and other secular models.<sup>63</sup> He wrote,

It becomes evident that Islam possesses or is capable of solving our basic problems, of granting us a comprehensive social justice, of restoring for us justice in government, in economics, in opportunities and in punish-

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<sup>60</sup> Azam, 13.

<sup>61</sup> Ibid.

<sup>62</sup> Yvonne Y. Haddad, “Sayyid Qutb: Ideologue of Islamic Revival” in Esposito, *Voice of Resurgent Islam*, 67-98.

<sup>63</sup> Haddad, 67-98.

ment ... then without doubt it will be more capable, than any other system we may seek to borrow or imitate, or work in our nation.<sup>64</sup>

Despite his strong belief in implementing an alternative dictated by Islam, he did not propose a return to early Islamic social practices. Rather, he contended that Islam was in fact compatible with other models and forms of economic progress. He claimed, "The Islamic model has room for scores of models which are compatible with the natural growth of society and the new needs of the contemporary age as long as the total Islamic idea dominates these models in its expansive external perimeter."<sup>65</sup> Hence, once again the imperative of the Islamic ethic is presented.

In one of his translated works, Qutb specifically examined the stature of social justice in Islam.<sup>66</sup> In this, he identified three foundational principles upon which he claimed Islam establishes justice: (1) Absolute freedom of conscience; (2) the complete equality of humans; and (3) the permanent mutual responsibility of society.<sup>67</sup> Following his analysis of these three principles he continued with a logical and systematic exploration of Islamic guidelines for a just economic and political system. In all, he concluded that while modern forms of development can be utilized, it is only through the construction and implementation of an Islamic alternative that social justice and progress can be realized in the Arab-Islamic world.<sup>68</sup>

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<sup>64</sup> Ibid., 70, citing Sayyid Qutb, *Maarakat al-Islam wa-al-Rasmaliyyah* (Beirut: Dar al-Shuruq, 1975 (4<sup>th</sup> printing)), 36.

<sup>65</sup> Ibid, 71.

<sup>66</sup> Sayyid Qutb, *Social Justice in Islam*, translated by John B. Hardie (n.p.: Islamic Book Services, n.d., first published by Cairo: Maktabat Misr, n.d. approximately 1945).

<sup>67</sup> Ibid., 30-68.

<sup>68</sup> Qutb.

### ***The Problem of Interest and Investment***

A final way proposed by Muslim writers to further the notion of social justice in the Islamic alternative is Islam's prohibition of *riba*, or usury. Despite this contention, it is this very prohibition that is cited by many critics as a prime reason that Islam does not provide a practical alternative to Western capitalist practices. Forbidding usury essentially means that no form of interest can be employed.<sup>69</sup> A restriction on interest changes the very nature of investment as understood by the Western world.

According to Al-Buraey, *riba* is forbidden because it "is a form of oppression – the rich take advantage of the poor and oppress them by extracting this unlawful extra or surplus called interest."<sup>70</sup> Cummings et al further asserted that the rationale behind the prohibition of *riba* is explicitly clear. In essence, it serves to decrease the tendency of amassing wealth in the hands of a few. Moreover, in Islam wealth should be earned through hard work and personal initiative, and not by the self-seeking motive compelled by interest.<sup>71</sup> Qutb also stressed the ills of interest. However, he set this apart from the permission of giving and receiving loans. According to this differentiation, loans should be provided as a means to "meet a need or to encourage production."<sup>72</sup> Thus, interest is not gained on the loan but rather needy borrowers would repay when they are in better circumstances, and production borrowers would repay once they have made a profit

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<sup>69</sup> Mehmet, 18-20.

<sup>70</sup> Al-Buraey, 182.

<sup>71</sup> Cummings, et al., 32.

<sup>72</sup> Qutb, 122.

through their own effort.<sup>73</sup> The distinction between profit and riba was also expounded by several other scholars. According to them, the difference was between the taking of interest where no risk was involved and earning an economic return where risk is involved. In this regard, no gain can be achieved without the presence of risk.<sup>74</sup>

Notwithstanding the above, there is some debate even in Muslim circles on whether Islam really prohibits interest or whether the true meaning behind the restriction was to prevent various ways of economic exploitation.<sup>75</sup> In this regard, Mehmet asserted that there is “evidence from the Prophet’s time supporting the view that riba refers not to interest, but to usury in order to ensure fairness in financial transactions.”<sup>76</sup> He also argued that in contemporary systems where currency is exposed to inflation, Islam may allow “indexation” at the same rate as inflation to prevent the depreciation of the value of money and unfair losses.<sup>77</sup>

Overall, Muslim writers largely view the prohibition of interest as beneficial to society. Qutb provides an all-encompassing summary of the *raison d’être* behind this view in the paragraph that follows:

Money should be loaned to those in need freely and without interest; this is the way to increase affection, to benefit the sense of independence, and to create a sense of mutual responsibility between rich and poor, between powerful and weak. ... And the mere possession of money does not entitle a man to make a profit out of it alone. It is the borrower who must put out the effort, and therefore all profit resulting from that effort should accrue to him who makes the effort; the capital of

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<sup>73</sup> Qutb, 122-123.

<sup>74</sup> Cummings et al., 43 ; and Al-Buraey, 182-183.

<sup>75</sup> Cummings, et al., 33.

<sup>76</sup> Mehmet, 19.

<sup>77</sup> Ibid.

the loan should be returned alone, this is to say without interest, to its owner.<sup>78</sup>

Nevertheless, the restriction of interest is viewed by some as potentially hindering development. By and large, the Western banking system has flourished because of the imposition of interest rates on investments. The lack of interest in investment could discourage the accumulation of savings and possibly encourage capital flight in search of higher earnings on investment.<sup>79</sup> In place of this though, there have been proposals developed by Muslims as well as several initiatives undertaken regarding an Islamic investment alternative.

The development and establishment of Islamic banking has been one such initiative. These banks provide a practical alternative to interest-based investment for Muslims.<sup>80</sup> Many such banks have already been created across the Arab-Islamic world and even in the West. The *Islamic Development Bank* (IDB) provides a good example of such an institution. Established in 1973, the IDB aims to promote economic development and provide an equity based investment alternative.<sup>81</sup>

On the whole, Islamic banking operates through two key methods: (1) A *mudarabah* contract, and (2) a *murabaha* contract.<sup>82</sup> The former contract functions something like profit-sharing. In this case, the Islamic bank takes a share of the business when it lends money. Thus, the bank takes a share of the profits earned through the

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<sup>78</sup> Qutb, 122.

<sup>79</sup> Mehmet, 19-20.

<sup>80</sup> Al-Buraey, 198-200; and Cummings, et al., 33-34.

<sup>81</sup> Ibid.

<sup>82</sup> Charles W.L. Hill, *International Business: Competing in the Global Marketplace*, 4<sup>th</sup> edition.(New York: McGraw Hill Companies, 2003), 101.

investment. On the other hand, when an individual wishes to deposit money in the bank, their investment is essentially treated as an “equity investment in whatever activity the banks use its capital for.”<sup>83</sup> Thus, there is no set return on the investment. The second contract offers a simpler method. In the case of a loan, the bank will directly purchase the property or other asset from the seller. Then, the bank will mark up the price and sell it to the borrower.<sup>84</sup> While perhaps easier to implement, this last method can be criticized for being significantly similar to interest-based banking. This form begs the question whether it is really an Islamic alternative being sought after, or merely a substitute to contemporary secular banking.

In all, the Islamic injunction for interest-free banking may pose the most difficulty in terms of the creation of a globally compatible Islamic development model. However, this problem is not insurmountable. Through efforts already discussed, various creative measures have been undertaken to provide alternatives that are operable in both Muslim and non-Muslim nations alike. Moreover, it should be noted that the trend toward Islamic banking is already underway and is even beginning to take root in a few Western nations.<sup>85</sup> In fact, the *Telegraph* recently reported on the creation of the first Islamic bank in the United Kingdom. This bank will offer “current accounts, debit cards and consumer

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<sup>83</sup> Hill, 101.

<sup>84</sup> Ibid.

<sup>85</sup> Christopher Hope and Susannah Osborne, “Islamic law bank given go-ahead to open in UK,” [article online] *The London Telegraph*, (posted August 9, 2004), available online: <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2004/08/09/nbank09.xml>

principles and guidelines found in Islam as well as a significant body of literature that could comprise an Islamic economic option. This paper discusses the various aspects of an Islamic Economic Option (IEO). It looks at the compatibility debate, analyzes the extent to which the IEO differs from existing secular models and constitutes a practical alternative for the region. The basic theory guiding this research supports the idea that an indigenously developed IEO could be both compatible to the global order as well as form a practical alternative for the region.

## CHAPTER 2: The Arab State: A Question of Legitimacy

Throughout time, the Arab-Islamic world has enjoyed a collective sense of identity. From Morocco to Egypt and from Saudi Arabia to Syria, nationals of each nation consider themselves Arab. This bond, which transcends national boundaries, can largely be attributed to a shared language and predominantly shared religion.<sup>91</sup> Yet despite these unifying factors, there is much diversity across the Arab-Islamic world. Arab states range from those that are wealthy oil-producing states to those that are poor; and from those that are semi-democratic states to others that are absolute monarchies. Each of these states enjoys a sense of historical legitimacy based on past tribal, religious or hereditary rule. It is important to understand the historical roots of Arab states in order to fully understand the contemporary politics. Today, almost all states in the Arab-Islamic world suffer from weakening legitimacy stemming from a lack of democratic practice, economic insecurity, and/or foreign policies inextricably tied to those of the United States. Arab regimes often point to a past linkage in order to legitimize their rule. This chapter will discuss the question of legitimacy in the Arab-Islamic world. It will examine the historic basis of legitimacy throughout the region, followed by the materialization of the modern state system. Ultimately, it will look at the contemporary weakening of legitimacy throughout the Arab-Islamic world.

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<sup>91</sup> Iliya Harik, "The Origins of the Arab State System," in Ghassan Salamé, ed., *The Foundations of the Arab State* (London: Routledge, 1987), 19-20.



### *Origins of the Arab State*

There are two main arguments surrounding the origins of the Arab state system. On one hand, scholars contend that this state has “come to the Middle East as an ‘imported commodity,’ partly under colonial pressure and partly under the influence of imitation and mimicry.”<sup>92</sup> This school of thought maintains that the issue of the state is an arbitrary one that was primarily a European invention. On the other hand, however, there are those scholars who argue that while the borders between Arab states may be crafted to a certain extent, many of the present-day Arab states have been in existence for generations.<sup>93</sup> In fact, both factors have played a role in the creation of the modern Arab state system. With the exception of Iraq, Jordan, Lebanon, Syria and Palestine, which were divided amongst the Western powers as part of the Sykes-Picot agreement, the existence of the remaining states predates and/or is entirely unrelated to European colonialism.<sup>94</sup> As such, many of these states do not tie their legitimacy to external sources of power, but to historic sources such as tribal rule, religion or hereditary leadership.

These historical bases of authority have emerged from a system underpinned by ideology, traditions and dominion.<sup>95</sup> Iliya Harik identified five categories of traditional Arab states. Harik labelled the first of these categories as the imam-chief system. This system was in effect primarily in areas outside the frontiers of the Ottoman Empire like

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<sup>92</sup> Nazih N. Ayubi, *Over-stating the Arab State: Politics and Society in the Middle East* (London and New York: I.B. Tauris Publishers, 1999), 21.

<sup>93</sup> Harik in Salamé, ed., *The Foundations of the Arab State*, 19-22.

<sup>94</sup> Ibid.; and Albert Hourani, *A History of the Arab Peoples* (Cambridge: Harvard University Press/Warner Books Inc, 1991), 318.

<sup>95</sup> Harik in Salamé, ed., *The Foundations of the Arab State*, 23.

Oman, Yemen and Morocco.<sup>96</sup> Authority was vested in a single sanctioned leader who functioned as both a state and a religious leader. Oman provides a particularly interesting case because Oman has the second longest history of statehood in the entire Arab world. The state began in the eighth century as a split from the Muslim empire under the first four *khalifahs*. However, Oman did not emerge as “a state by default, but rather [as] the product of a conscious and determined effort to design a political system consistent with the religious beliefs of the Ibadi Muslim faith.”<sup>97</sup> This system was created in the belief that to have legitimacy a leader had to be a pious Muslim elected by the people. In fact, the Ibadi state constructed the freest principles of elections to be found in Islamic history and political theory.<sup>98</sup> However, like other tribal and religious leaders in the region, the Ibadis eventually instituted hereditary rights to govern alongside the principle of popular elections. Other examples of states in the imam-chief system also utilized hereditary leadership. Thus, both Yemeni and Moroccan leaders traditionally justified their rule partially by claiming descent from the family of the Prophet Muhammad.<sup>99</sup>

The second traditional basis of authority is found in an alliance of political and religious leaders. The Kingdom of Saudi Arabia best illustrates such a coalition. Approximately 260 years ago, a plethora of tribes were contending for control of the Arabian Peninsula. A local chief, Muhammad ibn Saud, set up an alliance with religious reformer Muhammad ibn `Abd al-Wahhab. `Abd Al-Wahhab subscribed to the Hanbilite school of jurisprudence. He emphasized the leader’s imperative to employ *Shariah* and

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<sup>96</sup> Albert Hourani, *A History of the Arab Peoples* (New York: MJF Books, 1991), 243.

<sup>97</sup> Harik in Salamé, ed., *The Foundations of the Arab State*, 25.

<sup>98</sup> *Ibid.*, 25.

<sup>99</sup> *Ibid.*, 27-28.

spread the faith.<sup>100</sup> In this way the Al Saud clan expanded its control over other tribes and successfully coalesced the Saudi state. Through this alliance, the Al Saud family was able to institutionalize its traditional legitimacy.<sup>101</sup>

During the same period, other Arab states began to arise through what Harik termed the “traditional secular system of authority.”<sup>102</sup> Under this system, religious power was not exercised in any way, shape or form. Rather, leadership was associated with a tribal chief who became ruler. Power remained vested in the family, and the descendants of the ruling dynasty preserved control. Many of the present-day Gulf States such as Kuwait, Qatar and Bahrain all belong to the traditional secular states which emerged in the eighteenth and nineteenth centuries.<sup>103</sup> Although their system of authority was already in place, the Arab Gulf states did not officially attain independence until the middle of the last century.<sup>104</sup>

A fourth and equally significant type of Arab state is the bureaucratic-military oligarchy.<sup>105</sup> Most of these states came into existence under the auspices of the Ottoman Empire. During the decline of Ottoman power, Algeria, Tunisia, Tripolitania and Egypt each manifested this type of leadership. Various local Ottoman garrisons individually gained greater autonomy in their respective domains. With time, local leaders became increasingly independent of Ottoman control. Eventually, these nations were governed

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<sup>100</sup> Harik in Salamé, 27-28.

<sup>101</sup> Hilal Khashan, *Arabs at the Crossroads: Political Identity and Nationalism* (Gainesville: University Press of Florida, 2000), 82-83.

<sup>102</sup> Harik in Salamé, 30-33.

<sup>103</sup> *Ibid.*, 30-33.

<sup>104</sup> Ayubi, *Over-stating the Arab State*, 132-133.

<sup>105</sup> Harik in Salamé, 33-35.

independently; with power centralized in the hands of a few. Some nations adopted a more dynastic power base, but others retained strictly military oligarchic control. However, in a few cases oligarchic rule predates Ottoman rule. For instance, Egypt had a central government from antiquity through to the Mamluk and the Ottoman dynasties.<sup>106</sup>

The final category of Arab states are those that have been strongly influenced by colonial powers. The apex of the colonial mandate system was attained shortly after the First World War.<sup>107</sup> The decline of the almost 500 year-old Ottoman Empire created a situation conducive to the influence of foreign powers. During the height of its power, the Ottoman Empire had created a sense of unity across diverse ethnic groups spanning the Middle East, North Africa and much of southeast Europe. However, by the late nineteenth and early twentieth century the empire began to decline. The dominant hand of a European presence in the Middle East was ultimately responsible for the weakening and eventual abolition of the Ottoman Empire. Many areas were completely taken over by European forces. A few examples include the occupation of Egypt by French forces under the command of Napoleon in 1798; the French occupation of Algeria in the 1830s; and the 1839 British occupation of Aden, a strategic entrance to the Red Sea. In addition, in 1869 the French built the Suez Canal and by 1881 had occupied Tunisia. Britain gained control of Egypt in 1882 and Italy occupied Tripoli and Libya in 1911.<sup>108</sup>

Moreover, colonial strength became even more visible following the Great War. By joining sides with the Germans, the Ottomans sealed their fate. Once the war had

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<sup>106</sup> Ibid., 33-35.

<sup>107</sup> Ibid., 37.

<sup>108</sup> Hourani, *A History of the Arab Peoples*, 265-285.

ended, the remaining 'divides' of the empire were distributed between the French and British under the League of Nations mandate system. Britain was given Iraq, Palestine, and Transjordan, while France controlled Syria and Lebanon. Although most of these Arab lands were promised some form of autonomy, only some were granted independence. Ultimately, Britain and France decided on national boundaries, established who would rule under what form of government, and determined what level of access to natural resources and education would be available to the local population.<sup>109</sup> It is evident that this fifth category of Arab states emerged at the hands of the colonial powers. It was not the sole product of historical forces that shaped many other Arab states.<sup>110</sup>

Through the above discussion it is reasonable to conclude that the origins and legitimacy of the Arab state can be predominantly linked to history. The Arab state system has its own historical basis of authority. However, European forces during the eighteenth and nineteenth centuries no doubt influenced the region and on the whole reinforced the existing state system. In addition, indigenous forces such as nationalism and religion also had a hand in shaping the political landscape of the region.

### ***Sustaining Legitimacy in Modern Arab States***

Contemporary Middle Eastern states comprise what has become known as the Middle East North Africa (MENA) region. MENA nations include Algeria, Bahrain, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, the Occupied Palestinian Territories, Qatar, Saudi Arabia, Syria, Tunisia, Turkey, United Arab

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<sup>109</sup> Roger Owen, *State, Power and Politics in the Making of the Modern Middle East*, 2<sup>nd</sup> Ed., (New York: Routledge, 2000), 10.

<sup>110</sup> Harik in Salamé, 38-39.

Emirates, and Yemen.<sup>111</sup> However, because the intention of this paper is to discuss the Arab-Islamic world, the states of Israel and Turkey will be excluded because they are neither Arab states nor Islamic states. These other states are largely authoritarian regimes that can be categorized into three main forms.

- (1) Monarchical states. These states can be further subdivided into oil-producing and non-oil producing. They primarily include the Arab Gulf States, Morocco, and Jordan.
- (2) One-party states. These states include quasi-democratic governments like those of Egypt and Yemen, as well as family rulers like the Al-Assad's of Syria.
- (3) Other. This category includes Islamic states like Iran as well as democratic experiments like Lebanon.

The Arab monarchies come in two main governmental forms, namely absolute monarchies like the Kingdom of Saudi Arabia and the United Arab Emirates (UAE); and variations of the constitutional monarchic system, as in the cases of Bahrain, Jordan, Kuwait, Morocco, Oman and Qatar. These two types of government differ little except for the fact that absolute monarchies do not have any form of electoral process. Nevertheless, while constitutional monarchies have limited elections in their parliaments or have implemented a *shura* (consultative) council, all three remain largely authoritarian. It is interesting to note that a constitutional monarchy in the Arab Gulf area is similar not

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<sup>111</sup> These states have been identified as belonging to the region from the collected works of James A. Bill and Robert Springborg, *Politics in the Middle East*, 5<sup>th</sup> edition (New York: Adison Wesley Longman, Inc., 2000) and Raymond Hinnebusch, "The Middle East Regional System," in Raymond Hinnebusch and Anoushiravan Ehteshami, ed., *The Foreign Policies of Middle East States* (London: Lynne Rienner Publishers, 2002), 29-53. Each of these authors disagree on the inclusion of some of the nations. However, by and large this selection of states are the nations that comprise the MENA.

to the current British system, where there is a democracy nominally headed by a monarch, but to the monarchies of the eighteenth century where the monarch had the real power.<sup>112</sup>

The one-party states are also predominately authoritarian in nature. Such a state exists when one party or family dominates the political system. Usually, the ruling family or party remains in power for so long that it becomes entrenched in the political landscape.<sup>113</sup> The duration of the Al-Assad family's control of Syria illustrates this point. In some cases, opposition is technically permitted but could never attain real power. In the Middle East, several of these states operate under the pretence of democracy, but possess questionable ballot results in elections. For example, Hosni Mubarak now boasts twenty-four years in office as Egypt's president, gaining 96% and 96.3% of the votes in the 1993 and 1999 presidential referendums.<sup>114</sup> Likewise, Ali Abdullah Saleh held the office of president of the Yemeni Arab Republic from 1978 until the 1990 unification of Yemen. At that time, Saleh assumed the position of president of the Republic of Yemen, which he retains to this day.<sup>115</sup>

Two forms of states separate themselves from the authoritarian governments of the monarchical and one-party states. The first of these is the religious state. The primary and perhaps sole example of this type of state in the Middle East can be found in Iran. While Iran falls somewhat outside the scope of this paper because it is a non-Arab Middle Eastern state, its geo-political significance in the region makes it worth

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<sup>112</sup> Michael Herb, "Princes and Powers in the Arab World," in *the Middle East Journal*, Volume 58, Number 3 (Summer 2004), 367-370.

<sup>113</sup> Tamara Sonn, *Between Qur'an and Crown: The Challenge of Political Legitimacy in the Arab World* (Boulder: Westview Press, 1990), 226.

<sup>114</sup> Country Profile Egypt 2004 Main Report, *Economist Intelligence Unit (EIU)*, 2005.

<sup>115</sup> Country Profile Yemen 2004 Main Report, *Economist Intelligence Unit (EIU)*, 2005.

mentioning. Iran is an Islamic state based on the Shi'a branch of Islam. The Islamic Republic of Iran was declared in 1979 at the apex of an Islamic revolution. Initially, religious clerics wielded ultimate control. While predominantly authoritarian, Iran also combines elements of democratic practice and socialism. State practice is claimed to have derived from Islamic thought and/or Islamic law.<sup>116</sup> Today's Iran is undergoing another stream of change as liberals and conservatives battle for political control through electoral processes.

The second distinctive type of Arab state is Lebanon. Lebanon is an interesting case because the nation is comprised of five major religious sects: Maronite, Sunni, Shia'a, Orthodox and Druze. Considered a democratic experiment, the Lebanese political system is based on a consociational form of democracy. It was initially designed as a way of mediating community relations between the different religious communities of Lebanon. In effect, it legislated a political role for each community as a way of "integrating the country's various major sects into the Lebanese political field."<sup>117</sup> Despite its claim to being the most democratic nation in the Arab world, Lebanon's political situation remains fragile. Suffering from over a decade of civil war and a string of political assassinations extending to the present, the success of Lebanon's democratic system cannot be overly lauded.

Most governments in the Arab-Islamic world struggle to sustain their claim to legitimate rule. With the exception of Lebanon, almost all states in the MENA suffer from weakening legitimacy stemming from a lack of democratic practice, economic

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<sup>116</sup> Mehran Tamadonfar, *The Islamic Polity and Political Leadership: Fundamentalism, Sectarianism, and Pragmatism* (Boulder: Westview Press, 1989), 38-45.

<sup>117</sup> Owen, 165.



insecurity, and/or foreign policies inextricably tied to that of the United States. In order to substantiate their legitimacy, these states must rely on a variety of methods to support their authority. At times, they have used Arab nationalism. At other times, they have invoked nation-state nationalism. However, in the face of growing Islamic opposition, leaders have resorted to accentuating their commitment to Islam while simultaneously seeking ways to limit the movement of Islamic organizations.<sup>118</sup> These tactics have proven more difficult in the less wealthy and more democratic Arab states. However, wealthier Arab states have had less trouble. In both cases, two main dynamics have primarily been responsible for reinforcing the power of Arab leaders, namely external sources of protection and oil profits.<sup>119</sup>

External sources of protection chiefly began to surface during the eighteenth century when Britain began to exert power in the Arab-Islamic world. While the colonial powers brought improvements in education, medicine, and agricultural and trading methods, these changes usually surfaced at the expense of the local population. Modernisation efforts often indebted Arab states to Europe. Hence, Europeans were able to impose financial controls and sustain varying degrees of political domination. The population was often denied higher education, elementary schooling was limited, and the British or French occupiers determined what little profit would go to the locals from their own industries and resources.<sup>120</sup>

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<sup>118</sup> James A. Bill and Robert Springborg, *Politics in the Middle East*, 5<sup>th</sup> edition (New York: Addison Wesley Longman, 2000), 59.

<sup>119</sup> Owen, 58.

<sup>120</sup> Hourani, *A History of the Arab Peoples*, pp. 291-292, 302.

In other regions of the Arab-Islamic world, and particularly in the Arabian Gulf, European powers utilized other ways to control the region through trade alliances, business deals and other means. By developing treaties with local tribal leaders, the British were able to cultivate friendly ties that would secure their maritime, trade and later oil interests in the area. At another level, these treaties served to institutionalize the position of certain families. Rather than abide by the traditionally porous economic regions, rigid and arbitrary borders were formed. These borders both restricted tribal movement and provided a strategically powerful buttressing to the rule of specific dominant families.<sup>121</sup>

Following the 1971 withdrawal of Britain from the region, the United States and Saudi Arabia became sources of protection.<sup>122</sup> Both players had strategic interests in the area, mainly oil and control of the access to oil. While external sources may have been partially influential in securing the rule of powerful families, the primary means of consolidating power has been achieved through oil profits. The Gulf Cooperation Council (GCC) was established in 1981 to secure indigenous control of the industry and address economic and security concerns in the region. Grouping themselves into a network of states, the GCC members were better able to guard themselves against the vulnerability of being an isolated small state.<sup>123</sup> A statement in the *Working Paper for Joint Gulf Action* clearly identified this purpose:

The GCC shall attempt to provide the peoples of the region with real and continuous growth, while at the same time it shall strive to protect peace,

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<sup>121</sup> Ayubi, *Over-stating the Arab State*, 132-134.

<sup>122</sup> Owen, 58.

<sup>123</sup> Ibid and Ayubi, *Over-stating the Arab State*, 151-153. See also Hilal Khashan, *Arabs at the Crossroads: Political Identity and Nationalism* (Gainesville: University Press of Florida, 2000), 91-93.

security and progress. The basic issue is how to transform the oil generated wealth into comprehensive and steady growth for the welfare of the people of the region.<sup>124</sup>

Oil profits brought three main benefits to the ruling families. First, it freed the governments from relying on the taxation of the local populace. Second, it equipped them to distribute wealth among their families and all levels of their relatively small populations. Finally, it allowed the families to gain significant popular support by providing employment, loans, free health care, education and highly subsidized utilities to their citizenry.<sup>125</sup> Thus, these wealthier Arab states, primarily concentrated in the Gulf region, have become known as *rentier* states – states that live off the income of a specific resource, in this case, oil.<sup>126</sup> Nevertheless, the ability of these states to attain their own revenue without taxation necessarily infers that the population has little or no avenue for representation or participation in the public sphere.<sup>127</sup> As the adage goes, there is no representation without taxation. Consequently, the legitimacy gained by having a popular voice reflected at different levels is lost to the rentier states.

Therefore, the legitimacy of leaders in the rentier states has been tied to their ability to bequeath economic and social favours to prominent members of their populace. Given a decrease in the financial capacity of these governments, a challenge emerges as

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<sup>124</sup> Emile Nakhleh, *The Persian Gulf and American Policy* (New York: Praeger, 1982), 47-48 cited in Neil Quilliam, "The States of the Gulf Co-operation Council," in Tom Pierre Najem and Martin Hetherington (ed.), *Good Governance in the Middle East Oil Monarchies* (London and New York: Routledge Curzon, 2003), 30.

<sup>125</sup> Owen, 57-59.

<sup>126</sup> Bill and Springborg, 59 and 315-316.

<sup>127</sup> Ibid.

to how social loyalty can be maintained.<sup>128</sup> While some one-party states attempt to forge their political legitimacy through dubious electoral processes, many Arab monarchies have resorted to other devices. Primarily, they have focused on maintaining stability and increasing economic growth to garner legitimacy. A highly important method of maintaining stability is through suppressing dissent. Thus, most of these governments boast a strong security force. The security services in Saudi Arabia and Bahrain are more active than those of the other Gulf States. This is primarily due to the frequency of opposition in these countries. However, the security services of each of these countries closely monitor intellectuals, religious leaders and expatriates.<sup>129</sup>

Remaining ideologically flexible has also helped Arab regimes sustain power. During the 1950s and '60s when Arab nationalism was in vogue, they were able to champion the Arab cause. In contemporary times, Islamic restoration movements are on the rise. These movements claim that the establishment is too secular and therefore call for a return to Islam. To counter this, Arab leaders show outward piety and demonstratively declare their commitment to Islam.<sup>130</sup> Today, playing the religious card has proven to be one of the more successful ways to sustain power. Hence, some governments attempt to establish a link between their regime and religion in order to validate their right to rule. For example, the kings of Jordan and Morocco trace their lineage to the Prophet Muhammad himself.<sup>131</sup> While this lineage is not equivalent to the

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<sup>128</sup> Quilliam in Najem and Hetherington, 31.

<sup>129</sup> Daniel I. Byman and Jerrold D. Green, "The Enigma of Political Stability in the Persian Gulf Monarchies," *Middle East Review of International Affairs (MERIA)*, Volume 3, Number 3 (September 1999), available online: <http://meria.idc.ac.il/journal/1999/issue3/jv3n3a3.html>.

<sup>130</sup> Byman and Green.

<sup>131</sup> Owen, 47.

divine right to rule used by the early Kings in Europe, it enhances leadership qualifications.

Using another strategy, Saudi Arabia has aligned itself with Wahhabi traditionalists to achieve a perception of religious legitimacy. By aligning itself with a religious movement, the House of Saud hoped – unsuccessfully – to reduce opposition to its rule on religious grounds. Thus, religion in Saudi Arabia serves as a means of social control. For this purpose, Saudi Arabia employs the use of religious police (the *mutawa*), government controlled *shariah* courts (courts based on Islamic law), and the Organization for the Enforcement of Good and Prevention of Evil.<sup>132</sup>

There are other ways the single-party and family-ruled states seek to play the religious card. These states are largely secular and maintain their rule without any specific religious features.<sup>133</sup> However, they maintain tight control of all that transpires in their respective nations. Thus, they monitor religious institutions so closely that they are often able to wield influence overtly or surreptitiously over religious activities. For example, in the United Arab Emirates (UAE) and Oman, all religious literature, including books, brochures, audio- and videotapes must first be approved by the Ministry of Religion or Islamic Affairs (often referred to as *Awqaf*) prior to distribution.<sup>134</sup> Most of the Arab Gulf states have ministries with similar functions. In Kuwait, the Ministry of

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<sup>132</sup> Nazih Ayubi, *Political Islam: Religion and Politics in the Arab World* (London and New York: Routledge, 1993), 99-100; and Sonn, 213-216.

<sup>133</sup> Harik in Salamé, ed., *The Foundations of the Arab State*, 24.

<sup>134</sup> Learned during informal interviews and while perusing through publications while on a research trip in the UAE and Oman, February 2005.

Awqaf is also responsible for hiring imams, khateeb (preachers) and muezzins.<sup>135</sup> Friday sermons are also monitored and/or even dictated. For instance, the Ministry of Islamic Affairs and Awqaf in the UAE has both a “Supervision” and a “Preaching and Guidance” division.<sup>136</sup> Brandishing this amount of control over religious activities provides governments with the ability to have *fatwas* (religious edicts) issued in support of legislation or other actions, or even to “encourage” sermons that support or praise the government.<sup>137</sup> James Bill and Robert Springborg discuss this phenomenon in their work on the Middle East. They describe what they call *al-Islam al-rasmi* (Establishment Islam), official Islam that adheres closely to sacred texts and scholarly interpretations. At times, this is used as a semi-official ‘state’ religion. In order to garner legitimacy from *al-Islam al-rasmi*, leaders offer imams favours and recognition of their religious status as a reward for preaching sermons that emphasize obedience to authority and lend support to government policies.<sup>138</sup> Hence, silencing the voice of opposition is achieved by careful co-optation of potential dissidents. Academics and religious leaders critical of the government are often offered prestigious and high-salaried positions in exchange for support.<sup>139</sup> In this way, “the establishment ulema have contributed to the close identification of *al-islam al-rasmi* with the government in control.”<sup>140</sup>

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<sup>135</sup> Dr Abdullah Maatouq Al-Maatouq, “Ministry of Religious Endowments and Islamic Affairs (Awqaf),” [article online], *Kuwait-info.com* (New Delhi: Kuwait Information Office, n.d.), available online: [http://www.kuwait-info.com/sidepages/state\\_ministries\\_awqafislamic.asp](http://www.kuwait-info.com/sidepages/state_ministries_awqafislamic.asp). Official website (in Arabic) can be found at: <http://www.awkaf.net>.

<sup>136</sup> “About Ministry of Islamic Affairs and Awqaf,” *Ministry of Islamic Affairs and Awqaf*, Official Website, available online: <http://www.uae.gov.ae/moia/>. See also the Government of Dubai’s Awqaf and Islamic Affairs at <http://www.awqafdubai.gov.ae/awqaf/vEnglish/showpage.jsp?objectID=556&IID=1>.

<sup>137</sup> Bill and Springborg, 42-45.

<sup>138</sup> Bill and Springborg, 43.

<sup>139</sup> Byman and Green.

Despite these attempts to engender a sense of religio-political legitimacy, the fact remains that most of the Arab-Islamic world still suffers from a lack of it. As such, one of the key aspects played upon by the Islamic opposition is the legitimacy crisis. Because these governments have forcefully attempted to suppress and control the relationship between popular or colloquial Islam and the people, the rise of Islam has added “an ideological dimension” which seeks to “restrict the power of the State.”<sup>141</sup> In this sense, religion can be a double-edged sword. On one hand, rulers use Islam as a means to legitimize their actions. On the other hand, Islamic opposition movements use Islam to assert the illegitimacy of these regimes.

Even though most Arab Gulf States have not been completely successful in securing a legitimate basis for their own rule, one cannot doubt their success in sustaining stability through the methods discussed above. Daniel L. Byman and Jerrold D. Green have identified six strategies that Gulf governments use to maintain stability. These include deploying strong security services, co-opting potential dissidents, adopting divide-and-rule measures, demonstrating ideological flexibility, allowing token participation, and pursuing accommodative diplomacy.<sup>142</sup> Byman et al claimed that,

Although the above six strategies are short-term palliatives, they have helped keep the peace for many years. In and of themselves, the strategies do not stop social modernization, revive stagnant Gulf economies, ease demographic pressure or reduce corruption. They have, however, raised the popularity of governments and diluted anger about foreign aggression. Perhaps most importantly, regime tools hinder an organized opposition

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<sup>140</sup> Bill and Springbord, 43. (*italics added*)

<sup>141</sup> Binder cited in Ayubi, *Political Islam*, 161.

<sup>142</sup> Daniel I. Byman and Jerrold D. Green, “The Enigma of Political Stability in the Persian Gulf Monarchies,” *Middle East Review of International Affairs (MERIA)*, Volume 3, Number 3 (September 1999), available online: <http://meria.idc.ac.il/journal/1999/issue3/jv3n3a3.html>.

and mitigate the politicizing events the often lead disaffected individuals to become violent.<sup>143</sup>

Thus, these methods of maintaining stability have become key ways for the government to garner popularity with the local population. However, notwithstanding the success of these methods, several scholars have predicted future problems stemming from the need for both political and economic reform.<sup>144</sup> Despite their fears, however, the situation in the Gulf has remained largely constant, in part due to the rigorous development programs undertaken in the Gulf area. While primarily developed by the oil industry, several of the Gulf States have undertaken initiatives to develop other economic sectors as well. At any rate, the Gulf States are highly developed and greatly pride themselves in being the economic centre of the Middle East. It can be argued that GCC states over-emphasize economic growth to compensate for the absence of political growth.

Nevertheless, the future success of the rentier states is not contingent on their past and present success and economic development. Indeed, relying, as they do, solely on the rent from one resource is a hazardous policy that does not guarantee continued stability. Because government revenue is dependent on the level of oil revenue rather than taxation, development efforts are potentially unstable.<sup>145</sup> Despite their best efforts to diversify their economy, most rentier states have failed to develop vibrant alternative industries. Furthermore, while oil revenues remain considerably constant, national populations

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<sup>143</sup> Byman and Green.

<sup>144</sup> See both Byman and Green's article and Bill and Springborg's discussion of the Gulf States.

<sup>145</sup> Giacomo Luciani, "The Oil Rent, the Fiscal Crisis of the State and Democratization" in Ghassan Salamé, ed., *Democracy Without Democrats? The Renewal of Politics in the Muslim World* (London and New York: I.B. Tauris Publishers, 2001), 142.



continue to grow.<sup>146</sup> Larger populations will place a greater weight on the economy. Moreover, the likelihood of an opposition movement obtaining power will substantially increase should a dramatic economic downturn occur.<sup>147</sup>

One of the major problems of economic development in the Arab Gulf states is the “failure of the ruling elites to recruit their nationals into the workforce.”<sup>148</sup> Most Gulf nationals limit their roles in the economy to entrepreneurial and managerial positions. On the whole, they resist involving themselves in manual labour or any function related to economic production. These roles are left to expatriate workers, primarily from South and East Asian countries.<sup>149</sup> Consequently, if an economic downturn resulted in the mass flight of expatriate personnel, the Arab Gulf states would be ill-equipped to deal with the realities of running all areas of the economy.

These caveats notwithstanding, the present economic situation in the GCC states is largely positive. The capabilities inherent to a rentier economy have allowed most Gulf leaders the ability to engender popularity and outright love and support from their citizens. Wherever one travels throughout the Arabian Gulf, one is hard-pressed to find a citizen not singing the praises of the nation’s leaders. Naturally, dissent is not often voiced due to perilous consequences. However, anecdotal evidence suggests that outright praise is not forced. The role of charismatic leadership, combined with the effectiveness of

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<sup>146</sup> Byman and Green.

<sup>147</sup> Emmanuel Sivan, “Why Radical Muslims Aren’t Taking Over Governments,” *Middle East Review of International Affairs (MERIA)*, Volume 2, Number 2 (May 1998), available online: <http://meria.idc.ac.il/journal/1998/issue2/jv2n2a2.html>.

<sup>148</sup> Hilal Khashan, *Arabs at the Crossroads: Political Identity and Nationalism* (Gainesville: University Press of Florida, 2000), 75.

<sup>149</sup> Khashan, 74-76.

patronage, advanced the popularity of many Gulf leaders. The following account provides one example: On February 6<sup>th</sup>, 2005, Sultan Qaboos returned to Oman from a meeting with Sheikh Khalifah bin Zayed Al Nahyan and Sheikh Mohammad bin Rashid Al Maktoum in the United Arab Emirates.<sup>150</sup> Qaboos was due to return through the Hatta/Sohar road border. Crossing into Oman just one hour before Qaboos's scheduled return, one could see clusters of Omanis lined up for miles along the road, waiting to greet the Sultan upon his return.<sup>151</sup> This demonstration of support was voluntary and illustrates the public's approval of their leader.

Hence it would seem that what "typically passes as semiofficial ideology in these rentier states is a mix of Islam and loyalty to the ruling family, with a thin veneer of Arab nationalism."<sup>152</sup> Indeed, the leaders of the Gulf States have developed their own legitimacy by cultivating a satisfied population. Accordingly, their denial of representation for their citizenry goes unnoticed. As a result of the populations' satisfaction with the government and overall good economic well-being, there is a lack of engagement in civil society. In fact, rentier states "have sought to depoliticize their populations and to prevent the spread of political ideologies, which they perceive as potential challenges to their power and legitimacy."<sup>153</sup> These states have succeeded to such an extent that they have fashioned a populace that is at most complacent and at least disinterested in politics.

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<sup>150</sup> "HM, Sheikh Muhammad hold talks," *The Times of Oman*, Vol. 30, No. 344 (February 7, 2005), 1; and "His Majesty on two-day visit to UAE," *The Oman Tribune*, (February 6, 2005), 1 and 3.

<sup>151</sup> Seen first hand during visit to Oman in February 2005.

<sup>152</sup> Bill and Springborg, 60.

<sup>153</sup> *Ibid.*, 60.

To provide a semblance of political inclusion, many Arab rulers, and particularly Gulf leaders, hold various types of consultations with the people. These range from informal talks to meet-and-greet gatherings and other forms of public meetings. They serve to undergird regime claims that the rulers listen to the voices of their people. During these meetings, the people are able to convey their concerns and complaints.<sup>154</sup> The personal contact with the ruling families “gives a general sense of common identity between the rulers and the ruled,”<sup>155</sup> and demonstrates the accessibility of the leaders to the people. Thus, by providing minimal access, Arab rulers avoid the complete political alienation of their citizenry.

More recently, many of the rentier states have adopted piecemeal economic and political reforms as a way to address the limitation of their political and financial capacity. By implementing minor reforms, they are able to accommodate both internal and external pressures. For example, in 1992 Saudi Arabia introduced the Basic Law as a means of appeasing both liberal and Islamist elements of their society.<sup>156</sup> As a way of controlling and/or appeasing opposition, many governments take “the form of arrangements that give oppositionists a voice in parliament or even the cabinet, and may also involve a process of ‘Islamization’ by which the state cedes some ideological and institutional control to Islamists.”<sup>157</sup> In this fashion, some states have found it in their interest to offer token participation through semi-democratic parliamentary processes or *shura* (consultative)

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<sup>154</sup> Byman and Green.

<sup>155</sup> Ibid.

<sup>156</sup> Quilliam in Najem and Hetherington, 31.

<sup>157</sup> Daniel Bloomberg, “Democratization in the Arab World? The Trap of Liberalized Autocracy,” in *The Journal of Democracy*, Volume 13, Number 4 (October 2002), 57.

councils.<sup>158</sup> Kuwait, Oman and Qatar are among the states that have adopted a *Majlis al Shura*, or consultative council. In February 2002, Bahrain became a constitutional monarchy and adopted a national charter.<sup>159</sup> By the fall of the same year, the Amir of Bahrain appointed a consultative council.<sup>160</sup> A final example of these token political reforms can be drawn from Kuwait. Kuwait distinguishes itself from other Gulf States in that it has political associations, organizations and labour unions, each of which contribute to a blossoming civil society. Moreover, there are a large number of informal gathering places where Kuwaitis congregate to discuss politics. In a significant development in May 2005, Kuwaiti women were granted the right to vote and stand in parliamentary and local elections.<sup>161</sup>

Despite minimal liberalization, most states in the Arab-Islamic world maintain a tight hold over their populations. To justify the authoritarian nature of the state, many Arab regimes use the Islamists to instigate fear. They claim that the presence of Islamists obliges the state to keep a close reign over their populace. In fact, it could be argued that Arab rulers need the Islamists because they “are a fear-arousing card.”<sup>162</sup> Conversely, some scholars have suggested that monarchism is necessary, and perhaps even desirable, for democratization to ensue. According to Michael Herb, these scholars argue that

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<sup>158</sup> Byman and Green.

<sup>159</sup> Quilliam in Najem and Hetherington, 31.

<sup>160</sup> Byman and Green.

<sup>161</sup> “Kuwaiti women win right to vote,” *BBC News* (May 17, 2005) Available online: [http://news.bbc.co.uk/2/hi/middle\\_east/4552749.stm](http://news.bbc.co.uk/2/hi/middle_east/4552749.stm)

<sup>162</sup> Saad Eddin Ibrahim, “Islam and Prospects for Democracy in the Middle East,” Shireen Hunter (ed.), *CSIS Briefing Notes on Islam, Society and Politics* (Vol. 6, No. 1, April 2004), 16.

monarchism facilitates democratization by ensuring the mutual security of the system.<sup>163</sup> This argument basically reinforces the notion that the Islamic opposition is indeed a threat. Therefore, it is beneficial to have monarchic systems in place to minimize the risks related to democratic transition by maintaining the mutual security of the system.<sup>164</sup> For this reason, Western circles do little to encourage democratic development in the Arab monarchies. Where Arab monarchies are closely aligned with the United States, the inclusion of Islamic or other populist movements into the power structure poses a risk to Western interests.

The Arab world is one which is varied. While tied together by a common language and history, it is separated by different political forms and economic situations. Politically, Arab nations range from one-party states and monarchies through to unique democracies like Lebanon. In addition, the region has experienced a variety of economic development models – socialism during the time of Nasser, minimal to extensive rentier economies and various other exercises in market capitalism. On one hand many nations in the region are suffering economically, while those with strong oil economies face the prospect of economic instability. On the other hand, political uncertainty is always just below the surface. This uncertainty begs an assessment of what would happen if the establishment collapsed and the strongest opposition force in the Arab world – the Islamists – were to come to power. Most Islamic opposition movements advocate establishing Islamic governments and implementing religious practices. If they came to power, what sort of development strategy would they follow? The next chapters will address these very questions.

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<sup>163</sup> Herb in *the Middle East Journal*, 370.

<sup>164</sup> Ibid.

### CHAPTER 3: The Opposition

Throughout the Arab-Islamic world, politicized Islam has taken many forms, from Islamic republics like Iran, to illegal opposition groups to Islamic movements working within existing political and social structures. The prevalence of these movements and political expressions of Islam has sparked an intense discussion of the beliefs and goals of these groups among scholars and policy-makers around the world. For the most part, the aspirations of the Islamic opposition are primarily fashioned by certain issues and experiences categorized as follows: the experience and history of colonialism and western penetration, perceptions of a lack of legitimacy of existing leadership, the suppression of religious and political expression, and a weak civil society. There are different forms of Islamic opposition movements. Similar to other belief systems, Islam is multifarious and open to a variety of interpretations.<sup>165</sup> Thus, there are radical strains evidenced by the *Taliban* of Afghanistan and *Al Qaeda*, moderate Islamic groups like the *Ikhwan al Muslimeen* (The Muslim Brotherhood), as well as more liberal varieties that participate in political, social and economic aspects of their respective nations.<sup>166</sup>

Overall, there is no consensus among Islamic thinkers and leaders on what constitutes true Islamic practice or political and economic contentions. This is why there has been such a wide variety of expressions of political Islam. Unfortunately, it has

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<sup>165</sup> Tom Pierre Najem, "Good Governance: The definition and application of the concept," in Tom Pierre Najem and Martin Hetherington (ed.), *Good Governance in the Middle East Oil Monarchies* (London and New York: Routledge Curzon, 2003), 21.

<sup>166</sup> John Esposito (ed.), *Political Islam: Revolution, Radicalism or Reform?* (Boulder and London: Lynne Rienner Publishers Ltd., 1997), 4.

principally been the more radical elements that have grabbed headlines and instilled fear in much of the world. Opposition is more often than not comprised of responses that are more of a reaction to the existing situation than a well thought out response that would be equipped to deal with the realities of running a state or economy. As shown in chapter two, ideal Islam may pose a viable development alternative for the region. However, Islamic opposition movements have failed to detail practical solutions. The reason for the failure to propose a desirable alternative may partially stem from the inability of most Islamic groups to work within an existing system. On one level, this inability is usually state-imposed, as most governments wish to restrict the movement of groups that could form their strongest potential opposition. While minor reforms have been implemented in a number of states to allow opposition seats in parliament, many states in the region have used the threat of Islamic fundamentalism to suppress and/or eliminate their opposition.<sup>167</sup> On another level, the inability to work within the system can also be self-imposed as some of the more radical or traditionalist movements do not wish to participate in modern political systems. Consequently, many Islamic movements have been pushed to the fringes of society where their movement, growth, and learning are substantially marginalized and/or hindered. As a result, the proposals arising from these movements are often coloured by the experience of being the 'underdog.'

From this marginalized position, many of these groups call for the implementation of Islamic practices in society and/or the establishment of an Islamic government and legal system. With the legitimacy of many regimes being called into question, it is interesting to consider the outcome of an Islamic group attaining power. Those who

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<sup>167</sup> Esposito, *Political Islam*, 1-6.

follow the politics of the region are apprehensive of such a change. Would an Islamic government mean another Iran, Sudan or Afghanistan? This chapter will look at the Islamic opposition. The first part of this chapter will provide a background on the history of 'liberal' Islamic thought and show how the development of this thought during the late nineteenth and early twentieth centuries has affected contemporary opposition movements. The final portion of this chapter will discuss a selection of contemporary opposition movements with an emphasis on the Muslim Brotherhood.

### ***History of Modern Islamic Thought: Reaction and Reform***

Islamic thought, like ancient Greek and Christian thought, was best developed when the institutions and political environment about which it spoke were in decline. For example, some early Islamic ideas, like the "caliphate theory" can be traced back to the time when the Abbasid dynasty, as a caliphate institution, was deteriorating.<sup>168</sup> Many other Islamic notions and ideologies can be traced to rough political times. In the first chapter of his book on *Political Islam*, Nazih Ayubi provides a lengthy description of the origins, theory and practice of the Islamic state.<sup>169</sup> Essentially, Ayubi contends that it is simplistic to consider modern radical ideologies of either Shi'a or Sunni Islam as the official fundamentalist beliefs of the branch. Rather, he suggests that it is important to look at the historical contexts from which these ideas emerged. Regrettably, a detailed discussion of the history of early Islamic thought is beyond the scope of this paper.

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<sup>168</sup> Nazih Ayubi, *Political Islam: Religion and Politics in the Arab World* (London and New York: Routledge, 1991), 8.

<sup>169</sup> Ibid.



However, in order to reasonably comprehend modern Islamic movements, it is essential to review modern Islamic thought of the late nineteenth and early twentieth centuries.

If history is our teacher, then monitoring developments in Egypt may truly be a guide to what is to come in the rest of the Arab Middle East. Egypt seems to be at the forefront of religious dissemination and political change in the Arab world. Many of the great Arab-Islamic thinkers emerged or were spread from Egypt. Their works have shaped contemporary Islamic thought and have laid the foundation for both secular and Islamist voices of opposition. The nineteenth and twentieth centuries were marked by the remembrance of an age of great Islamic empires. Islamic civilisation, once a pinnacle of pride, now seemed a historic concept. Foreign powers had moved in and apprehended the balance of power. With the Ottoman Empire in decline and local economies in shambles, many feared that 'the political world of Islam' was in jeopardy. The following excerpt from Maxime Rodinson's *Marxism and the Muslim World* accurately captures the mood of the time.

...on the political level, the Ottoman Empire was being slowly eaten away by the European powers, increasingly controlled and supervised and placed under trusteeship as the 'sick man.' Ideologically, this process seemed to mark the triumph of European (Christian or materialist) values over the indigenous Muslim values.

The feeling this aroused in the peoples of the Ottoman Empire, masses and elite alike, was one of humiliation, all the deeper and more bitter in that it came after a feeling of superiority. The humiliation was naturally accompanied by hatred and distrust of Europe, an intense desire for liberation and revenge that expressed itself in exultation whenever Europe was defeated ...<sup>170</sup>

The protracted Arab world's subjugation under European colonial powers nursed deep-rooted bitterness against foreign domination. Moreover, the overall humiliation of

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<sup>170</sup> Maxime Rodinson, *Marxism and the Muslim World* (New York and London: Monthly Review Press, 1981), 210-211.

being ruled by foreign powers as well the fear of the possible loss of Islamic identity evoked various responses. One type of response was expressed through violent movements, as evidenced by the events leading to the 1860 civil war in Lebanon.<sup>171</sup> However, the best illustration of these responses can be found in the evolution of Arabic political thought among intellectuals during this time. These responses included a number of developments in Arabic political thought that focused on either greater Islamic traditionalism, more secular trends, or on an in-between approach that advocated the feasibility of adaptation to modern living with simultaneous adherence to Islamic practices.<sup>172</sup> The following five men really paved the way for liberal Islamic thought as well as laid a significant foundation for many Muslim opposition movements today.

### **Jamal al-Din al-Afghani**

Usually considered the father of Islamic modernism and perhaps the forerunner of liberal Islamic thought, Jamal al-Din al-Afghani (1839-1897)<sup>173</sup> emerged as a voice for this middle road. During the greater part of the twentieth century, his thought affected many Islamic thinkers. Throughout his life, he lived and travelled in many different places, including Iran, Afghanistan, India, Egypt, as well as Europe. In each place he became politically active, mainly through lectures and written publications. Overall, Al-Afghani's effort met with little success during his life. However, his work lived on

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<sup>171</sup> Albert Hourani, *A History of the Arab Peoples* (New York: MJF Books, 1991), 277.

<sup>172</sup> For a detailed discussion on the historic background surrounding the weakening and fall of the Ottoman Empire see Albert Hourani's *A History of the Arab Peoples* (Cambridge: Harvard University Press/Warner Books Inc, 1991), and Chapter 1 of Roger Owen's *State, Power and Politics in the Making of the Modern Middle East* (London: Routledge – Taylor and Francis Groups, 2000).

<sup>173</sup> Albert Hourani, *Arabic Thought in the Liberal Age 1798-1939* (New York: Cambridge University Press, 1983), 108.

through his disciples, becoming an important component of any study of Islamic political thought during this era.

Many treatments of al-Afghani's life discuss the long-standing controversy surrounding his ethnic origin and, consequently, his religious identity. On one side of the controversy stand Al-Afghani's own claims to be from Afghanistan, and therefore part of Sunni Islam. The other side maintained, however, that Al-Afghani was Persian and hence Shi'a. This debate is significant because the reception of Al-Afghani's message was contingent on his origin in both the Sunni and Shi'a worlds. Possibly stemming from his own pan-Islamic ideals, Afghani had a vested interest in reaching the larger part of the Arab, and Sunni, world. His seeming deliberate ambiguity on his origins may have evolved from his desire to ensure the appeal of his message.

Some Middle Eastern scholars have suggested that the allegations of Al-Afghani's Shi'a Iranian root stem from his opponents. Wishing to undermine the potency of his message, they stressed Al-Afghani's Shi'a religious identity despite his claims that he was an Afghan, and, by extension probably Sunni. The debate becomes further muddled by the assertions of other scholars who assert Al-Afghani's indisputable Persian roots and Shi'a religious training.<sup>174</sup> Thus, the controversy continues, with academics of the day still disputing Al-Afghani's origin. However, it appears that a majority of scholars now concede that Al-Afghani was in fact Iranian. Nevertheless, Al-Afghani's own aims seem to have been successful, as he is known by his alias Al-Afghani.

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<sup>174</sup> To read further into the contending arguments on Afghani's origin refer to: Albert Hourani's *Arabic Thought in the Liberal Age* and Nikki R. Keddie's, *An Islamic Response to Imperialism, Political and Religious Writings of Sayyid Jamal ad-Din al-Afghani* (Los Angeles: University of California Press, 1968). Keddie was a leading scholar and apologist of Iran and the Muslim world, whose opinions would naturally favour a Persian identity for Afghani.

As discussed earlier, the political environment in which Al-Afghani lived was one that fostered a variety of political and ideological responses. The decline of the Ottoman Empire and the European domination of the region prompted Islamic thinkers to focus on the appropriate Muslim response to the changes. Many thought that the general population was estranged from Islam, and feared ideological infiltration from a largely secular Europe. During this era, Al-Afghani offered one such Islamic response to the region's growing concerns. Throughout his life, Al-Afghani emphasised the necessity of a return to the moral framework of Islam, while embracing changes brought by Western technology. He thought it possible to "delineate an alternative to Western secular adaptationism on the one hand and religiously motivated rejectionism on the other."<sup>175</sup> This balancing act pervaded Afghani's life. Through his lectures and writing he sought to respond to the threat of Western secularism, as well as tame the traditionalists' outright denunciation of modernisation. He argued that, properly used, reason would not interfere with religious revelation but would complement it. In his rejection of *taqlid* (blind imitation/traditionalism), he spoke against blind acceptance of Quranic interpretations. Hence, he called for reform in Islam and a reopening of *Ijtihad*.<sup>176</sup>

At the same time, however, Al-Afghani was unceasing in his cries for a removal of foreign colonial rule. He called for the Muslim world to bond together and resist western encroachment. He "strove to galvanise Muslims into strong pan-Islamic fervour

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<sup>175</sup> John Esposito, *Islam – The Straight Path, Expanded Edition* (New York: Oxford University Press, 1991), 126.

<sup>176</sup> *Ijtihad* could be defined as independent reasoning and/or the act of Islamic Councils interpretation of the Quran and Sunnah into accepted meaning and Shariah law. To read more on Afghani's ideas with regards to his double rejection of *taqlid* and secularism, as well as his pan-Islamic ambitions and beliefs refer to Chapter 2 of Nikki Keddie's, *An Islamic Response to Imperialism*, as well as Chapter 3 of Kenneth Cragg's *Islamic Surveys 3 – Counsels in Contemporary Islam* (Edinburgh University Press, 1965).

and action”<sup>177</sup> as a catalyst towards unity and contingent release from Western domination. John Esposito summarised these ambitions saying that “in Afghani’s holistic interpretation of Islam, the reform of Islam was inseparably connected with liberation from colonial rule. The reassertion of Muslim identity and solidarity was a prerequisite for the restoration of political and cultural independence.”<sup>178</sup> Hence, Al-Afghani urged the masses to reject foreign control, while simultaneously exhorting the religious and political elites to reform Islam.

Overall, Al-Afghani upheld religion as the foundation of civilization, claimed Islam’s agreement with science and rational thought, and asserted Islam’s superiority to other religions. In contrast with Islam’s intellectual appeal, he saw Christianity as irrational and based on beliefs that people agree to without understanding. Therefore, he asserted that when Europe was most Christian it was most backward (in reference to the ‘Dark Ages’), whereas the Muslim community was most advanced when it was most Muslim. Hence, he thought that the primary reason the Muslim world was weak was because it had strayed from Islam, whereas the Christian West was strong primarily because it was no longer truly Christian. Thus, Al-Afghani placed the blame for the weakness of the Muslim world on the shoulders of Muslims themselves. He stressed the importance of a return to their roots as well as reform in Islamic understanding. To drive his point home, he used the Qur’anic adage, “Verily, God does not change the state of a people until they change themselves inwardly.”<sup>179</sup> Only if internal change takes place can

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<sup>177</sup> Kenneth Cragg, *Islamic Surveys 3 – Counsels in Contemporary Islam*, 33.

<sup>178</sup> Esposito, *Islam – The Straight Path*, 128.

<sup>179</sup> Jamal al-Din al-Afghani’s citation of the Qur’an verse 13:11, *The Truth About the Neicheri Sect (1880-1881)*, in Keddie, 173.

strengthening occur, and consequently release from the subjugation to European powers.<sup>180</sup>

Despite all his effort to initiate reform in the Islamic world and free it from European control, Al-Afghani passed away before ever realizing his ambitions. Notwithstanding his lack of success, however, the works of Afghani lived on after his death. In fact, Al-Afghani was the inspiration behind both the creation of the Muslim Brotherhood as well as nationalist movements.

### **Muhammad Abduh**

The most significant of Al-Afghani's followers in the Arab world was probably the Egyptian, Muhammad Abduh (1849-1905)<sup>181</sup>. Afghani and Abduh met in Cairo during Abduh's studies at al-Azhar. Abduh was intrigued by Afghani's activism and desire to bring about a revival of Islam and liberate Muslims from colonialism. Abduh shared many of Al-Afghani's views on the situation of European subjugation and also advocated unity in the Islamic world as a method of removing foreign control.<sup>182</sup> Thus, the beginning of Abduh's life mirrored that of Al-Afghani's. He went from being a student to working as a political activist and writer, eventually spending years in exile. Upon his reestablishment in Egypt after exile, Abduh moderated his earlier activism. By the end of his life, he focused more on educational and religious reform rather than on the overthrow of the established order. However, his attempts at religious reform, especially

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<sup>180</sup> See Hourani's *Arabic Thought in the Liberal Age*, 125-129.

<sup>181</sup> Hourani, *Arabic Thought in the Liberal Age*, 130-160.

<sup>182</sup> *Ibid.*; and Cragg, 33-36.

at Al-Azhar, met with great resistance. Hence, like his mentor Al-Afghani, Abduh's impact was greatly limited during his lifetime, but increased as years went by.<sup>183</sup>

Abduh's origins are not as ambiguous as those of Al-Afghani. Abduh was raised in a village near Tanta. He began receiving religious education from the time he was thirteen years old and eventually went on to study at Al-Azhar, probably the greatest centre of religious learning in the Islamic world. Following completion of his studies at Al-Azhar, he obtained teaching posts at Al-Azhar and Dar al-Ulm.<sup>184</sup> These positions provided him with the opportunity to speak and write on political affairs. Abduh's political activism during this early stage of his life greatly reflected the ideas of Afghani. Hence, it came as no surprise that when Afghani was exiled from Egypt in 1879, Abduh was removed from his teaching posts. Soon after, however, Abduh found another venue for expressing his political ideas, and began publishing articles in the newspaper, *Al-Ahram*. Nevertheless, Abduh's promotion of pan-Islamic and nationalist movements as well as his criticism of European intervention in Egypt soon led to his own exile.<sup>185</sup> Leaving first for Lebanon, Abduh later went to Paris, where he joined his teacher Afghani. Together they collaborated on a number of projects, including the publication of the weekly *Al-Urwa al Wuthqa*. The weekly was short-lived, however, and Abduh returned to Beirut. While in Lebanon, he delivered lectures on theology which later formed important components of his famous book, *Risala al-Tawhid* (The Theology of Unity).<sup>186</sup>

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<sup>183</sup> Keddie, 3 and 44; and Sonn, 164.

<sup>184</sup> Hourani, *Arabic Thought in the Liberal Age*, 130 – 132.

<sup>185</sup> *Ibid.*, 132-134.

<sup>186</sup> Hourani, *Arabic Thought in the Liberal Age*, 134-135. To read more about Abduh's *Risala al-Tawhid*, refer to Cragg's *Counsels in Contemporary Islam*, 36-41.

Even though many of Abduh's ideas seemed to naturally complement Afghani's, they did not always agree. After some time, Abduh broke with Afghani altogether. It seemed that Abduh lost faith in his earlier political activism and came to the conclusion that political protest was futile without reform from within. Thus, Abduh tried to separate religious reform from politics and refocused his energies on educational and language development initiatives. His change of mode was not unnoticed, and he was soon allowed to return to Egypt. Once back in Egypt, Abduh pursued a career in the public service and took a variety of leadership positions, such as judge and administrative council member of Al-Azhar. By 1899 Abduh was appointed Grand Mufti of Egypt, the head of the whole system of religious law and its interpretation. From this post, Abduh was able to realize some of his reform ambitions in Islamic law, administration and education.<sup>187</sup>

The foundation for Abduh's thought, similar to that of Al-Afghani's, focused on the problem of inner decay and the need for inner revival.<sup>188</sup> Abduh attributed the problem of European encroachment to internal factors that prevailed throughout the Islamic world. These internal problems stemmed from an inability to adapt to modern times. Islam, he contended, is fully compatible with scientific discoveries and rational understanding. It is "not a religion of conflicting principles but is built squarely on reason . . . enjoining rational procedure and intellectual inquiry into the manifestations of the universe."<sup>189</sup> He argued that among all religions, Islam differentiated itself by its

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<sup>187</sup> Hourani, *Arabic Thought in the Liberal Age*, 134-135.

<sup>188</sup> *Ibid.*, 136.

<sup>189</sup> Esposito, *Islam – The Straight Path*, 129.



rational and logical appeal. Therefore, it followed that the Islamic world was not weak due to its religion, but due to the lack of a true understanding of its religion.

Abduh thought that the ways of the Islamic world were not based on Islam as it had been intended, but rather on a variety of practices and systems from other social or cultural influences. These practices were not attuned with the modern world. Thus, while he maintained that the moral principles and laws of Islam must prevail, he also believed their original intentions should be looked at and reinterpreted for the contemporary era.<sup>190</sup> Abduh aimed to bypass the restraint of traditionalism. He advocated returning to the original Islamic sources and employing independent legal reasoning to develop Islamic thought appropriate to address the challenges posed by the modern world.<sup>191</sup> Hence, like Afghani, Abduh rejected *taqlid* and stressed the significance of *ijtihad*. The following clearly highlights Abduh's central argument:

First, to liberate thought from the shackles of *taqlid*, and understand religion as it was understood by the elders of the community before dissension appeared; to return, in the acquisition of religious knowledge, to its first sources, and to weigh them in the scales of human reason, which God has created in order to prevent excess or adulteration in religion, . . . religion must be accounted a friend to science, pushing man to investigate the secrets of existence, summoning him to respect established truths, and to depend on them in his moral life and conduct.<sup>192</sup>

Thus, Abduh asserted that all texts on religion and law were open to question and critique. With the exception of the Qur'an, which was unchangeable and faultless, the other texts should be reinterpreted for modern times. Hence, *ijtihad* was necessary for all religious understanding, including (with reservation) Qur'anic injunctions. Abduh also thought that

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<sup>190</sup> Hourani, *Arabic Thought in the Liberal Age*, 136-141; Cragg, 35-42.

<sup>191</sup> Najib Ghadbian, *Democratization and the Islamist Challenge in the Arab World* (Boulder: Westview Press, 1997), 26.

<sup>192</sup> Abduh cited in Hourani, *Arabic Thought in the Liberal Age*, 140-141.

almost the entire system of law and education had to be reformed in order to make it compatible with modern times. Thus, while he was Mufti, he attempted to revise and change a large proportion of the curriculum at Al-Azhar as well as set up an administrative council. These endeavours met with much opposition from both religious conservatives and secular leaders.

Much like his mentor Al-Afghani, Abduh has his share of modern critics. One of these critics, Charles Kurzman, hesitates in using the term 'liberal thinker' to describe Abduh. According to Kurzman, Abduh superficially appeared liberal because of his embrace of Western technology and curriculum. However, Kurzman saw Abduh's ideas as a liberal "strain" that only accommodated modernity.<sup>193</sup> In terms of religious thought, Abduh claimed that while *ijtihad* should be open, its practice should be limited to "competent religious scholars."<sup>194</sup> Overall, Kurzman was critical of viewing Islamic liberal thought with limitations as real liberalism. Other critics, such as Johannes Jansen, share this view. These critics seem to contend that Islamic liberalism or modern Islamic thought cannot be truly liberal because it is Islamic. According to this notion, being a modernist or a liberal reformist automatically adds up to rejecting Islam.<sup>195</sup>

Nazih Ayubi disagrees with this assessment. While he concedes that much of Abduh's discussion of reform was prompted by a technologically advanced West, he argues that the limitations over the advancement of rational liberal thought were not a

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<sup>193</sup> Abdou Filal-Ansari, "What is Liberal Islam? The Sources of Enlightened Muslim Thought," *Journal of Democracy* Volume 14, Number 2 (April 2003), 24; available online: [http://80-muse.jhu.edu.webvoy.uwindsor.ca:2048/journals/journal\\_of\\_democracy/v014/14.2filali\\_ansary.pdf](http://80-muse.jhu.edu.webvoy.uwindsor.ca:2048/journals/journal_of_democracy/v014/14.2filali_ansary.pdf)

<sup>194</sup> Filal-Ansari,, 25.

<sup>195</sup> Ahmad S. Mousalli, *The Islamic Quest for Democracy, Pluralism, and Human Rights* (Gainesville: University of Florida, 2001), 10-11.

result of an inflexible religious tradition, but rather due to the delayed and deficient development of indigenous industry and capital progress.<sup>196</sup> Indeed, evidence suggests that Abduh scrutinized Islamic traditions in light of modern science and theories. His goal was to interpret Islam to fit the modern age. In so doing, he aimed to make “science the highest authority of interpretation, understanding and action;” and “Islam a force for civilization and morality.”<sup>197</sup>

Overall, Abduh’s work became a catalyst for other reform attempts among many of his contemporaries and followers. Any change that may have taken place at Al-Azhar and even in all of Egypt since Abduh’s death can usually be traced back to his influence. Abduh’s span of influence reached both secular and Islamic movements. Among his prominent followers linked to liberal thinking are Ahmad Lutfi Al-Sayyid, Qasim Amin, Ahmad Fathi Zaghlul, Sa’ad Zaghlul, and Ali ‘Abd Al-Raziq.<sup>198</sup> Abduh’s closest disciples were the Egyptian reformer Ali ‘Abd Al-Raziq and the Syrian reformer Muhammad Rashid Rida. ‘Abd Al-Raziq’s liberal ideas influenced nationalist movements in the twentieth century; while Rida spoke for the *Salafiyya*<sup>199</sup> movement, deeply influencing Sayyid Qutb, Hasan Al-Banna and the Muslim Brotherhood.

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<sup>196</sup> Ibid., 58-59.

<sup>197</sup> Mousalli, 11.

<sup>198</sup> Ibid., 54-55.

<sup>199</sup> Salafiyya is an Arabic term derived from the word salaf, meaning to “follow” or “precede.” It is used in reference to the companions of the Prophet Muhammad. Salafiyya ideas assert that religious authority can be obtained directly from the Qur’an and hadiths. They advocate the examination of early Islamic practices and an interpretation for their implementation today. To understand more where their ideas derived from, it would be useful to review the literature consulted in this paper discussing the thought of twentieth century Islamic thinkers. Moreover, a brief definition can be found in the following document: Febe Armanios, “The Islamic Traditions of Wahhabism and Salafiyya,” *Congressional Research Service (CRS) Report for Congress, Report RS21695* (The Library of Congress, December 22, 2003); available online: <http://www.comm.cornell.edu/als481/readings/crs-salafia.pdf>

### Ali `Abd Al-Raziq

It has been said that the doctrines of Muhammad Abduh underwent particular changes at the hands of his disciples.<sup>200</sup> Accordingly, if Rashid Rida was attributed with pushing Abduh's ideas sharply down the conservative trail, then Ali `Abd al-Raziq (1888-1966)<sup>201</sup> certainly gave them a secular flavour. An early modernist from Egypt, `Abd Al-Raziq was primarily concerned with the nature and role of the Caliphate in Islamic society. In accordance with being a disciple of Abduh, `Abd Al-Raziq naturally built upon his work. Nevertheless, it is doubtful that Abduh would have approved of the secularism inherent in `Abd Al-Raziq's work. In fact, `Abd Al-Raziq's main thesis, namely that there was no basis for the Caliphate in either the Qur'an or hadith, caused an uproar among even liberal Islamic scholars and certainly among the conservatives. Nevertheless, despite all the opposition `Abd Al-Raziq faced as a result of his ideas concerning the separation of religion and state, his work provided contemporary scholars with a significant contribution to studies on Islamic governance.

Ali `Abd Al-Raziq, whose father was a political associate of Muhammad Abduh, was raised in Egypt. `Abd Al-Raziq graduated from Al-Azhar and then went on to study at Oxford University. He embraced a secular approach to politics and called for the separation of religion and politics.<sup>202</sup> While much of `Abd Al-Raziq's thought built upon Abduh's work, it had been a few decades since Abduh's death. Thus, `Abd Al-Raziq thought that new solutions were required for the political issues that had arisen. These

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<sup>200</sup> Hourani, *Arabic Thought in the Liberal Age*, 226.

<sup>201</sup> *Ibid.*, 183.

<sup>202</sup> *Ibid.*, 183.

new political issues stemmed from the tumultuous time which followed the end of the First World War. The 1922 Turkish revolution, in which Mustafa Kemal had abolished the sultanate, had set up a spiritual caliphate. However, by 1924 the Turkish National Assembly had also annulled the caliphate. These occurrences led to much debate over the position and necessity of the caliphate in Islam.<sup>203</sup> Orthodox Muslims contended that the caliphate was necessary for Islamic government, and in 1926 the “Congress of the Caliphate” met in Cairo and reaffirmed this contention.<sup>204</sup> On the other hand, some liberal scholars thought a caliph who was limited to spiritual control was entirely suitable. The 1925 publication of `Abd Al-Raziq’s controversial book, *Al-Islam wa usul al-hukm: ba`th fi al-Khalifa wa`l-hukuma fi al-Islam*” (Islam and the Basis of Political Authority: A Study of the Caliphate and Government in Islam), was a contribution to this debate.<sup>205</sup> In it, he claimed that all governments should be run on secular lines, without any interference from religious authorities. Unfortunately, the storm of condemnation that followed his publication had serious repercussions for `Abd Al-Raziq’s life. It led to his removal from his position of judge and teacher at Al-Azhar and forced him into private life where he quietly published a few more writings.<sup>206</sup>

The opposition to the ideas expressed in `Abd Al-Raziq’s book was compounded by his overall suggestions that seemed to refute centuries of Islamic belief. `Abd Al-Raziq made two bold claims, one which contended that there was no need for the

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<sup>203</sup> Cragg, 69-71; and Hourani, *Arabic Thought in the Liberal Age*, 183.

<sup>204</sup> Hourani, *Arabic Thought in the Liberal Age*, 184.

<sup>205</sup> William E. Shepard, “Muhammad Sa`id Al-`Ashmawi and the Application of the Shari`a in Egypt,” *International Journal of Middle East Studies*, 28 (1996), 39; and Hourani, *Arabic Thought in the Liberal Age*, 183.

<sup>206</sup> Hourani, *Arabic Thought in the Liberal Age*, 188-189.

caliphate and the other which claimed that the mission of the Prophet Muhammad was purely spiritual. He asserted that the Prophet had never intended to create a caliphate, and that this institution had been invented because the Prophet's death had left a gap that needed to be fulfilled by a symbolic figure. Hence, his assertions essentially discredited the foundations of authority present throughout the historical era of Islamic civilisation.<sup>207</sup> However, `Abd Al-Raziq suggested that his ideas did not imply that Islam accept secularism, but rather that the lack of specificity in the Qur'an was intended to make the message of the Qur'an universal and adaptable to people all over the world at all times.<sup>208</sup> Thus, while `Abd Al-Raziq may have been the leader of the more liberal religious and non-religious circles, he earned criticism from them as well.

The impact of `Abd Al-Raziq during his lifetime may have been limited due to the outrage inveighed against his book. Nevertheless, his ideas provided the groundwork for further investigation into Islamic methods of governance. While the leading thinkers of the time may have denounced his rejection of the caliphate, the issues he raised stimulated a debate that has carried on until the present time. In fact, contentions that Muhammad was a prophet and not a political leader and that Islam was a religion and not a political system still provokes outrage in many Muslim circles.<sup>209</sup> Nevertheless, the secular nationalist movements which swept the Arab world in the middle of the twentieth century utilised ideas derived from the thought of `Abd Al-Raziq.<sup>210</sup>

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<sup>207</sup> Cragg, 70-72; and Shepard, 39.

<sup>208</sup> Mehran Tamadonfar, *The Islamic Polity and Political Leadership: Fundamentalism, Sectarianism and Pragmatism* (Boulder, San Francisco and London: Westview Press, 1989), 37-38.

<sup>209</sup> Gudrun Kramer, "Islamist Notions of Democracy," *Middle East Report* (Massachusetts: Middle East Research and Information Project, July-August 1993), 4.

<sup>210</sup> Moussalli, 53-55.

## **Muhammad Rashid Rida**

Muhammad Rashid Rida (1865-1935)<sup>211</sup>, a Syrian-Egyptian thinker, primarily built upon the foundation of Abduh's ideas. However, he developed into a more conservative theorist than his mentor Abduh and was the antithesis of 'Abd Al-Raziq. Later in his life, he became influential in the revival movement that influenced the Muslim youth of his time. He was the founder and publisher of the periodical *Al-Manar*. Following the Great War and the collapse of the Ottoman Empire, the Islamic world became consumed with the issue of the Islamic *Khalifah* (caliphate). During this time, Rida's ideas became increasingly critical of the Western world, and he advocated the essential nature of the *Khalifah*.<sup>212</sup>

Rashid Rida was born in Tripoli, part of Ottoman Syria. Like many young people then, he received an Islamic education. During his studies, he learned of Afghani and Abduh's *Urwa al Wuthqa*. Greatly attracted to this work, he even considered joining Afghani. Rida later met with Abduh on several occasions and eventually became Abduh's devoted follower and biographer.<sup>213</sup> Rida left Syria for Cairo by 1897, where he could better deliver his and Abduh's ideas. By 1898, Rida released the first issue of his periodical, *Al Manar*, which encompassed much of his life. Through this publication, Rida sought to help Muslims formulate an intellectual response to the problem of

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<sup>211</sup> Hourani, *Arabic Thought in the Liberal Age*, 224.

<sup>212</sup> Moussalli,, 13.

See also, Esposito *Islam – The Straight Path*, 130-132.

<sup>213</sup> Eliezer Tauber, "Three Approaches, One Idea: Religion and State in the Thought of 'Abd al-Rahman al-Kawakibi, Najib 'Azuri and Rashid Rida" *British Journal of Middle Eastern Studies*, Volume 21, Number 2 (1994), 195; and Hourani, *Arabic Thought in the Liberal Age*, 226.

reconciling religion with the modern world. In it, he disclosed personal reflections from his spiritual life, wrote about doctrine, and commented on current events in world politics. On the whole, *Al Manar* served as an “organ of reform” that advocated the ideas of Abduh.<sup>214</sup> Rida also used the publication as a vehicle for publishing his Commentary on the Quran, *Tafsir Al Manar*. Despite all this, Rida’s Syrian ethnicity kept him at the periphery of Egyptian politics. His involvement was restricted to publications, in which he proposed a return to the original principles of Islam as a solution to the ‘backwardness’ of Muslim countries. Rida advocated the consultation of rulers with religious leaders in formulating government policies, and also urged the emulation of the scientific and technological progress of the West.<sup>215</sup>

Rida’s understanding of Islam was based on the Hanbali *madhab*,<sup>216</sup> which stressed the unchanging nature of Islam. Rida differentiated between what belonged to the essence of Islam – the Qur’an and hadith, and what did not – an accumulation of practices that had grown up across the Arab-Islamic world. He thought that Muslims often placed themselves under unnecessary restrictions that were not sanctioned by religion but rather by tradition. He noted that some people defended these traditions as though they were defending the core of the religion itself. Rida thought this dogmatism and adamancy in non-core matters of religion contributed to the stagnation and disabled

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<sup>214</sup> Hourani, *Arabic Thought in the Liberal Age*, 226.

<sup>215</sup> Tauber, 195-196; and Hourani, *Arabic Thought in the Liberal Age*, 227.

<sup>216</sup> In Islamic jurisprudence, there are four madhabs, or schools of jurisprudence. Hanbali is usually considered the most conservative of the four. Febe Armanios, “The Islamic Traditions of Wahhabism and Salafiyya,” *Congressional Research Service (CRS) Report for Congress, Report RS21695* (The Library of Congress, December 22, 2003); available online: <http://www.comm.cornell.edu/als481/readings/crs-salafia.pdf>



modernisation of the Islamic world.<sup>217</sup> Hence, like Abduh, Rida pleaded for *Ijtihad*, stressing Islam as a religion based on reason. He contended that Islamic *shariah* law was founded on the basis of *ijtihad*, and without it the Islamic state would further disintegrate. Rida asserted that the Islamic world was in poor condition because it had lost the truth of its religion. True Islam, he declared, demands two things: first, acceptance of the unity of God (*Tawhid*), and second consultation (*shura*) in matters of state. Rida claimed that rulers, in the interest of maximizing their power, have tried to make Muslims forget the necessity of *shura* by encouraging them to abandon belief in the unity of God.<sup>218</sup> Hence, faith in Islam waned, leaving rulers to act according to their own interests without accountability to a true understanding of Islam.

In his discussion of law, Rida presented the need to create a legal system which people could really follow in the modern world. He thought a truly Islamic political system was necessary to create equitable and applicable law. Rida claimed that true Islamic law should be based on consultation between the ruler and the religious interpreters of law. In order for this to take place, two things were essential – real *ulama* and a true *khalifah* (caliph). While he conceded that he did not think it possible to unite the entire Islamic world under one caliphate, he thought the caliph should function as a spiritual head and leader of *ijtihad* for the Islamic world.<sup>219</sup> Taken as a whole, Rida advocated the establishment of a progressive, liberal and tolerant Islamic state. He

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<sup>217</sup> Ibid., 231-234.

<sup>218</sup> Hourani, *Arabic Thought in the Liberal Age*, 228.

<sup>219</sup> Mir Zohair Husain, *Global Islamic Politics* (New York: HarperCollins College Publishers, 1995), 102; and Hourani, *Arabic Thought in the Liberal Age 1798-1939*, 239-240.

pictured the restoration of the caliphate ruled by a wise and just leader who would practice *ijtihad* before forming and executing decisions.<sup>220</sup>

During his life, Rida remained politically active and carried on the ideas of Abduh. He began playing a large part in Syrian politics in the later years of his life. He participated in the wartime negotiations with the British, served as president of the Syrian Congress in the 1920s, and was a member of the Syro-Palestinian delegation in Geneva in 1921 and the political committee in Cairo during the Syrian Revolt of 1925-26.<sup>221</sup> Nevertheless, in spite of Rida's activism, his full impact was not felt until a number of years after his death, when his various writings and recorded speeches became more widely known. In fact, Hasan Al-Banna, the founder of the Muslim Brotherhood, had frequented a number of Rida's gatherings during his youth. The ideas that Al-Banna gleaned from Rida greatly influenced the Brotherhood. Through this transference, the legacy of Rida lived on in the Brotherhood.<sup>222</sup>

### **Sayyid Qutb**

Sayyid Qutb (1906 – 1966) was born in Musha, a small Egyptian village in the province of Asyut. His early life was typical; like many others Qutb left his village in pursuit of education and employment in Cairo. In the capital, he grew concerned with issues of poverty and injustice. It was during this time, the late 1940s, that Qutb began his career as a writer on political, religious and economic issues.<sup>223</sup> As mentioned in Chapter

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<sup>220</sup> Husain, 112.

<sup>221</sup> Hourani, *Arabic Thought in the Liberal Age*, 227.

<sup>222</sup> *Ibid.*, 360.

<sup>223</sup> Ayubi, *Political Islam*, 136-137.

two, Qutb wrote about social justice in Islam as well as capitalism.<sup>224</sup> He also wrote about many other socio-political issues of interest to academics of the time. Thus, Qutb became a fruitful writer, authoring over twenty-four books, an interpretation of the Qur'an and many articles in prominent magazines such as *al-Risalah*.<sup>225</sup> His life took a few rather sharp turns over the years. In the beginning, his writings seemed to reflect quite liberal thought well attuned to Western trends. Later, he advocated searching for truth from internal sources and returning to Islam to solve the problems of the nation. However, following his long imprisonment after joining the *Al-Ikhwān Al-Muslimīn* (The Muslim Brotherhood) his writings became increasingly radicalized.

Originally, Qutb was somewhat smitten by the West. Like many others, he admired its technological and economic advances. However, by the late 1940s, Qutb began to change his tone. The effects of Britain's war policies during the Second World War, coupled with the creation of the state of Israel, had disenchanted Qutb. He felt the West had rejected the Arabs' right to self-determination and consequently rejected their equality with the Western man.<sup>226</sup> From 1948 to 1951 Qutb resided in the United States to study educational administration. His visit seemed to further solidify his dislike and bitterness toward the Western world. During his stay, he had encountered so much materialism, bigotry and pro-Zionist sentiment that he felt alienated from Western culture and the Western world as a whole.<sup>227</sup>

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<sup>224</sup> See pages 15-17 in this paper.

<sup>225</sup> Yvonne Y. Haddad, "Sayyid Qutb: Ideologue of Islamic Revival," John L. Esposito (ed.), *Voices of Resurgent Islam* (New York and Oxford: Oxford University Press, 1983), 69.

<sup>226</sup> Haddad in Esposito, *Voices of Resurgent Islam*, 69.

<sup>227</sup> Mousalli, 62; Ayubi, *Political Islam*, 137; and Haddad in Esposito, *Voices of Resurgent Islam*, 69.

It may have been his visit to the United States or it may have been just further disheartenment at the plight of the Arab world, but Qutb began a more active and critical look at the state of the Arab-Islamic world. He started moving further away from his earlier liberal tendencies. He dedicated his time to writing about Islam as an alternative ideology to liberalism, secularism and capitalism for the Arab world.<sup>228</sup> He was strongly influenced by the works of Muhammad Asad and Abu al-Ala Mawdudi. Much of what they had written before his time, he continued with an Egyptian flavour. While he advocated the pursuit of a distinctly Islamic model, he did not totally disregard the contribution of other models. In fact, early on he suggested that an Islamic system had room for other models that were compatible with social growth.<sup>229</sup> In all, he advocated Islam as the solution to the predicament of the Arab world. Qutb was concerned with developing an Islamic system to follow rather than purely emulate existing Western models. He started with the assumption that Muslims have an authentic civilisation and tradition of their own. They could therefore look internally to their civilization to find an authentic journey of their own, or they could “borrow ready-made models” without criticism or assessment.<sup>230</sup>

Upon his return from the United States, Qutb began contributing literature to the *Ikhwan Al-Muslimin*. He later joined the group, and in 1953 was appointed editor-in-chief of its weekly publication.<sup>231</sup> He published a lot of material promoting the notion of Islam as a solution. Qutb eventually came to be regarded as the leading theorist and writer of

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<sup>228</sup> Haddad in Esposito, *Voices of Resurgent Islam* , 69-70.

<sup>229</sup> Ibid., 70-71.

<sup>230</sup> Ibid. , 71-72.

<sup>231</sup> Mousalli, 62..

the Brotherhood after the death of its founder, Hasan Al-Banna. While the Brotherhood had helped facilitate the Free Officers' 1952 revolution, they had a falling out a few years later. Instead of Gamal Abd Al-Nasser, the real leader of the Free Officers, the *Ikhwan* had backed General Nagib, a figurehead. As a result, the brotherhood was banned by Nasser's regime. In October of 1954, a member of the brotherhood shot at Nasser. This incident triggered a government-initiated series of arrests and executions.<sup>232</sup> In 1954, Qutb, along with many other members of the Brotherhood, was imprisoned. Released shortly thereafter, Qutb was arrested once more later that year and accused of working with a secret military wing of the brotherhood. He was sentenced to fifteen years in prison.<sup>233</sup>

The torture and humiliation suffered by Qutb during his time in prison left its toll on him. While in prison, he continued to write materials for the Brotherhood. As time wore on, his work grew increasingly rejectionist.<sup>234</sup> He was "transformed from extreme liberalism to utmost radicalism."<sup>235</sup> Through his writings he lashed out at the world. He was released after ten years behind bars, but the physical and mental torture he had endured left lasting scars. In his later years, he rejected and condemned all forms of government that did not conform to what he perceived was a true Islamic system. His ideology assumed a dogmatic character. In fact, his last book was so controversial that it

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<sup>232</sup> Marjorie Kelly, "Muslim Nation-States," in Marjorie Kelly (ed.), *Islam: the Religious and Political Life of a World Community* (New York: Praeger Publishers, 1984), 185.

<sup>233</sup> Mousalli, 62.

<sup>234</sup> *Ibid.*, 63.

<sup>235</sup> *Ibid.*, 61.

resulted in his arrest in 1965. On August 22, 1966, he was executed. Even today, many consider Qutb a martyr of the Islamic revival.<sup>236</sup>

### **Hasan Al-Banna and the Ikhwan al-Muslimin**

A great deal can be said about those attracted to Islamic reformist and revivalist movements. They are usually from disadvantaged elements within society. Both well-educated and uneducated people attracted to these movements have been excluded in one form or another from the benefits of political access and social affluence.<sup>237</sup> The story of Hasan Al-Banna (1906 – 1949) provides one such example.<sup>238</sup> Al-Banna began his career as a poorly paid schoolteacher from the city of Isma`iliyya in Egypt. However, he soon came to be known as the founder of the *Ikhwan al Muslimin*, the Society of the Muslim Brotherhood. Al-Banna founded the movement in 1928, around the time that Islamic revivalism was taking root across Egypt and around the rest of the Arab-Islamic world. During this time, Islamic movements were becoming popular because the masses saw them as “a means of overcoming the social injustice they believed to be perpetuated by the secularists in control of the state.”<sup>239</sup> They also saw it as an alternative to Western pre-eminence.

Al-Banna was concerned with two main issues: the nature of God’s governance and the removal of social injustice. He emphasized the importance of Islamic leadership and the removal of elements deemed ‘un-Islamic.’ He can be credited with reviving the

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<sup>236</sup> Haddad in Esposito, *Voices of Resurgent Islam*, 77-78.

<sup>237</sup> James A. Bill and Robert Springborg, *Politics in the Middle East*, 5<sup>th</sup> Ed. (New York: Addison-Wesley Longman Educational Publishers, 2000), 57.

<sup>238</sup> Mousalli, 65.

<sup>239</sup> Bill and Springborg, 57-58.

notion that the legitimacy of the government be tied to Islam. However, while he was interested in the 'Islamization' of the government, he did not advocate the forceful annexation of power.<sup>240</sup> Moreover, Al-Banna was equally concerned with social justice. His ideas began with premises similar to the teachings of Rashid Rida and the ideas of the *Salafiyya* movement.<sup>241</sup> He spoke about a return to the principles of the Qur'an, a restoration of Islamic values, and the reform of individual and social morality.<sup>242</sup> In particular, Al-Banna stressed the need for social welfare programs and land reform. He was concerned with localizing investment and other capital ventures away from foreign direction. Nonetheless, much of his thought focused on Islamic government. However, according to Al-Banna, the Society of the Muslim Brotherhood was not an exclusively political organization:

You are not a benevolent society, nor a political party, nor a local organization having limited purposes. Rather, you are a new soul in the heart of this nation to give it life by means of the Qur'an ... When asked what it is for which you call, reply that it is Islam, the message of Muhammad, the religion that contains within it government, and has as one of its obligations freedom. If you are told that you are political, answer that Islam admits no such distinction. If you are accused of being revolutionaries, say, 'We are voices for right and for peace in which we dearly believe, and of which we are proud. If you rise against us and our message, then we are permitted by God to defend ourselves against your injustice.'<sup>243</sup>

The charismatic nature of Al-Banna was evident in many of his speeches. Within its first years of existence, the Brotherhood quickly spread to many parts of Egypt. In 1933, Al-

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<sup>240</sup> Mousalli, 65.

<sup>241</sup> Armanios, *CRS Report Online*.

<sup>242</sup> Ira M. Lapidus, "Contemporary Islamic Movements in Historical Perspective," *Policy Papers in International Affairs, Number 18* (Berkeley: Institute of International Studies University of California Press, 1983), 24; and Albert Hourani, *A History of the Arab Peoples* (New York: MJF Books, 1991), 348-349.

<sup>243</sup> Hasan Al-Banna cited in Hourani, *A History of the Arab Peoples*, 348.

Banna was transferred from his teaching post in Isma'iliyya to Cairo. He used his transfer as an opportunity to expand the reach of his movement. As the Egyptian government became more aware of the magnitude of the Brotherhood's scope, Al-Banna and some of his colleagues were arrested. They were released soon after. The arrest compelled Al-Banna to become more politically involved. He decided to run in the election. However, he was asked to withdraw by powerful officials in exchange for permission to publish and circulate his literature.<sup>244</sup>

Al-Banna and the *Ikhwan* can point to several years of peaceful writings and involvement in the existing political system. However, as Egyptian society grew increasingly dissatisfied with the leadership of the Egyptian monarchy, the Brotherhood began stressing the need for political change. In the late 1940s, some became violent in their protest against the government. As a result, the government began to implement increasingly repressive measures against the group and all potential opposition as a means of maintaining its hegemony. By 1949, the government had gone one step further and arranged for the assassination of Hasan Al-Banna.<sup>245</sup> He has lived on as a martyr of the Islamic cause. Shortly after Al-Banna's death, Sayyid Qutb emerged as the spiritual leader and chief writer of the Brotherhood.

Eventually, the *Ikhwan* joined with the Free Officers Movement, who aimed to overthrow the government. Once the Free Officers had successfully toppled the monarchy in 1952, the *Ikhwan* assisted them in maintaining law and order as they set up the new government. Once in power, the Free Officers' leader Gamal Abd Al-Nasser

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<sup>244</sup> Mousalli, 65.

<sup>245</sup> Richard Schifter, "The Clash of Ideologies," *Mediterranean Quarterly*, Volume 15, Number 3 (Summer 2004), 17.



soon excluded the Brotherhood from the government and turned his back on the Islamic principles that were advocated by the Brotherhood.<sup>246</sup> By and large, Nasser's government followed a secular nationalist approach to government. They wished to bypass the influence of Islam in pursuit of secular policies. Hence, Nasser enacted strong government efforts to limit Islamic groups. He eventually outlawed the *Ikhwan Al-Muslimin* altogether.<sup>247</sup> Overall, the isolation of the Brotherhood from the political realm only served to solidify the member's resolve. While they may have been temporarily pushed underground, they did not lose touch with the pulse of the nation.

During the 1950s and 1960s, the popularity of the Brotherhood decreased. This was partially the result of repressive government measures to quiet the Brotherhood's calls for an Islamic state. However, it was primarily due to the fact that Nasser's nationalism seemed to offer the same things as the Brotherhood, only with tangible results. Nasser offered "dignity, unity, popular participation, defiance of the West, and a semblance of socio-economic justice."<sup>248</sup> The secular-nationalist model was working for the people. They were proud of the accomplishments of Nasser, rejoiced in his success at removing much European control, and were quick to rally around his calls for Arab unity.<sup>249</sup>

The triumph of the nationalist movement began to decline in the late 1960s. Consequently, support for the movement and its leadership began to subside. First, the

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<sup>246</sup> Husain, 14-15.

<sup>247</sup> Lapidus, 25.

<sup>248</sup> R. Hrair Dekmejian, *Islam in Revolution: Fundamentalism in the Arab World* (Syracuse: Syracuse University Press, 1985), 85 cited in Sonn, 179.

<sup>249</sup> Ghabdian, 61.

socialist experiments in land reform as well as the nationalization projects carried out by Nasser did little to reduce the inequalities among social classes. Second, the prospect of Arab unity began to look bleak. The union between Syria and Egypt had fallen apart, and subsequent unification attempts met with ill-success. Finally, the dream of resisting Israel and liberating Palestine from occupation was set back by the devastating failure of the June 1967 war. This defeat signalled a turning point in Arab history.<sup>250</sup>

Nasser's sudden death in 1970, combined with the failures of secularism and nationalism, served to disillusion the population. According to Albert Hourani, the 1967 defeat did not just denote a military defeat, but an obstruction of moral judgement. The Arab Muslims began to question the reason behind such a swift and public humiliation. An assumption was drawn that the defeat and lack of prosperity in other regards could no longer be blamed solely on external factors such as Western intervention. The evident deficiencies had to be tied to an inner form of moral decay and a rejection of moral and religious values imperative to the success of society. The tide was turning away from secular nationalism and directing people from all social strata to return to Islam.<sup>251</sup>

During this national transformation, the *Ikhwan Al-Muslimin* was once again able to gain a stronger foothold throughout the nation. From the changing mood of the populace, and the works of the Islamist movements, emerged two main strains. On one hand, some began advocating a return to Islam but suggested compromise with the existing leadership. They hoped that in return for allegiance to the government, they would be afforded some degree of influence over policy. On the other hand, there were

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<sup>250</sup> Ibid., 61-62.

<sup>251</sup> Hourani, *A History of the Arab Peoples*, 442-445.

those advocating adherence to the Qutb's later works, stressing the uncompromising adoption of an Islamic government and society. According to both strains, only Islam offered a solution to their plight. Most of the older leadership of the *Ikhwan* discarded the notion that they should actively struggle to establish a complete Islamic state. They continued to adhere to their original position that preaching about Islam would encourage nominal Muslims to commit themselves more fully to religious beliefs and practices. Inner commitment would inevitably lead to a better society and government.<sup>252</sup>

Consequently, a few spin-off organizations developed out of the Brotherhood. These organizations adopted a more radical oppositional stance against the government. Once such group was the *Jama'at Al-Muslimin* (the Society of Muslims), under the direction of Shukri Mustafa.<sup>253</sup> The implications of the beliefs espoused by such groups were wide-reaching. The government was continuously on guard against the possibility of protest, violence or attempted coup d'état. This was not just the case with Egypt; the same held true throughout much of the Arab-Islamic world. The tightened leash on the growth and movement of Islamic movements served to fuel resentment and enrage the more radical elements. Many were prepared for violence. The assassination of Anwar Sadat in 1981 and the attempted overthrow of Hafiz Al-Asad in Syria in 1982 illustrate this reaction.<sup>254</sup>

However, during the Sadat days the government began to ease up on the Muslim Brotherhood. By doing this, Sadat hoped to strengthen the base of his support. He freed

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<sup>252</sup> Ibid and Joel Beinin, "Political Islam and the New Global Economy: The Political Economy of an Egyptian Social Movement," *The New Centennial Review*, Volume 5, Number 1 (Spring 2005), 118.

<sup>253</sup> Beinin, 118.

<sup>254</sup> Hourani, *A History of the Arab Peoples*, 445-446.

many of the imprisoned members of the *Ikhwan* and did not prevent the publication of a weekly magazine, *al-Dawa* (The Call). However, neither Sadat nor his successor Hosni Mubarak granted full legal recognition to the Muslim Brotherhood. During the early years of Sadat's reign, militant Marxist student groups captured much of his attention. They were openly critical of his policies and more specifically his failure to free the Sinai Peninsula from Israeli control. To quell this campus dissent, Sadat delegated individuals to encourage the formation of Islamic student groups on campuses. By the mid-1970s, these groups had become much more prominent than the Marxist groups. Many of the students joined moderate groups while others were attracted to marginalized groups that felt disadvantaged by society. These latter groups committed acts of violence. Some have even been linked to the radical *al-Jihad* movements allegedly responsible for the assassination of Sadat. Much of the literature and other available evidence does not establish any direct connection between these violent groups and the *Ikhwan*. However, a number of the radical members of these groups were at some point members of the Brotherhood.<sup>255</sup>

Mubarak aimed to carry on Sadat's balancing act with the Islamists, but he attempted to do a much better job. Rather than being over-accommodating and encouraging the creation of Islamic groups, as Sadat had done before him, and instead of the hard-line policies of Nasser, Mubarak attempted to create a middle road. While he did initiate a wave of arrests against anyone assumed to be connected with the assassination of Sadat in the early 1980s, he also tried to lessen the animosity toward the government. Hence, Mubarak released some long-held members of the Brotherhood from jail. He also

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<sup>255</sup> Beinin, 117-120.

clearly differentiated between radical and moderate Islamic groups. In this manner, Mubarak aimed to isolate the violent elements from the mainstream Islamic movement. Therefore, he tolerated such groups as the Brotherhood and to a limited degree allowed them into the political system. While the *Ikhwan* itself remains technically illegal, it is a known fact that many of its members serve as independent parliamentarians. In exchange for being tolerated, however, these members of parliament are known to vote with Mubarak's own New Democratic Party (NDP) and likewise support Mubarak in presidential referendums.<sup>256</sup>

### ***Contemporary Islamic Movements***

Contemporary Islamic movements owe much to the Muslim Brotherhood and the thought of Hasan Al-Banna and Sayyid Qutb. In fact, many of today's movements borrow from the works of all of the previously discussed Islamic thinkers. While there has been an abundance of other Islamic thinkers throughout history, such as Abu Hamid Muhammad Al Ghazali of the eleventh century, Taqi al-Din Ahmad Ibn Tamiyyah and 'Abd al-Rahman Ibn Khaldun of the thirteenth century, and Muhammad ibn 'Abd al-Wahhab of the eighteenth century, this paper only discusses a selection of prominent twentieth century 'liberal' thinkers.<sup>257</sup> These more recent thinkers have undoubtedly paved the way for both revivalist and reformation movements throughout the last century and up to the present time. In order to understand the emergence of the Islamic opposition, it is important to understand these modern thinkers, how they were affected by the

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<sup>256</sup> John Walsh, "Egypt's Muslim Brotherhood: Understanding Centrist Islam," *Harvard International Review*, Volume 24, Number 4 (Winter 2003), available online: <http://hir.harvard.edu/articles/?id=1048&page=7>.

<sup>257</sup> Hourani, *A History of the Arab Peoples*, 1-7, 143, 144 and 257-258; and Muhammad Mahmoud Rabi, *The Political Theory of Ibn Khaldun* (Leiden: E.J. Brill, 1967).

political climate of their day, how this was interpreted into their works and finally what their legacy and experience has meant for those around them.

Over the last few decades, Islamic movements have appeared all across the Middle East North Africa (MENA) and the greater Islamic world in the form of both reactionary and reformist movements.<sup>258</sup> The reformist movements generally stress two aspirations, namely revival and renewal. Revivalist thought preaches about a return to and revival of early Islamic society and practices. Renewal discusses the need for inner change and a personal return and dedication to Qur'anic precepts. Together, they call for a return to the sources of the Qur'an and the Sunna, with emphasis on the importance of *ijtihad* of these sources in their application to society.<sup>259</sup>

From the 1970s until the present time, branches of the *Ikhwan Al-Muslimin* appeared in many different Arab nations. To some extent, this growth can be accredited to the rise and subsequent decline in oil wealth from the 1970s to the 1980s. The initial success of Egypt and Syria in the 1973 war temporarily boosted the popularity of their regimes and renewed the commitment to Arab unity. The oil-producing states joined sides and used an oil embargo against Western nations. The price of oil skyrocketed and significantly increased the wealth of the leaders of these nations. While in most cases the newfound wealth was not distributed equally, it was useful in subduing the population and postponing dissent. However, the lack of equal distribution and the sharp decline in oil prices in the mid-1980s, combined with continued social and political alienation, served to enhance the appeal of the Islamic opposition. This was especially true in

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<sup>258</sup> Rodinson, *Marxism in the Muslim World*, 210-211.

<sup>259</sup> John O. Voll, "Renewal and Reform in Islamic History: Tajdid and Islah," in Esposito (ed.), *Voices of Resurgent Islam*, 32-42.

nations with a minimal supply of oil. Thus, the proliferation of the *Ikhwan Al-Muslimin* and other Islamic groups during the 1980s and 1990s should not be interpreted as a surprising development.<sup>260</sup>

Around this time, other Islamic movements were materializing in addition to the growing *Ikhwan Al-Muslimin* in nations all across the Arab-Islamic world – among them Algeria, Iraq, Jordan, Syria and the Kingdom of Saudi Arabia. The inspiration behind the proliferation of Islamic movements can be traced to the effects of the neighbouring revolution in Iran. The 1979 ousting of the United States' backed Shah and the arrival of the new Islamic leadership marked a turning point for Iran and indeed the political climate of the entire Middle East. The Islamic Revolution in Iran installed a Shi'a Islamic government that operated under the rule of the *ulama* (clerics). This type of clerical system utilized the theory of the Ayatollah Khomeini, who became the supreme leader of post-revolution Iran.<sup>261</sup> The intricacies of the revolution are beyond the scope of this thesis. However, it is important to recognize the effect the Islamic revolution had on the neighbouring Arab-Islamic world. Iran was the first country in the modern age to have a popular revolution that resulted in the successful installation of an Islamic government. Many people were inspired by the fact that an Islamic system had risen to power. As a result, Islamic movements garnered greater attention.<sup>262</sup> If an Islamic system could be realized in Iran, the same could be true for other predominantly Muslim nations.

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<sup>260</sup> Ghadbian, 61-68.

<sup>261</sup> Mohsen M. Milani, "Political Participation in Revolutionary Iran," in Esposito (ed.), *Political Islam*, 77-92; and Ayubi, *Political Islam*, 146-155.

<sup>262</sup> Ibid.

The *Ikhwan Al-Muslimin* in Syria began to become particularly active in the late 1970s. Syrian leader Hafiz Al-Assad made the political mistake of supporting the Maronites against the Palestinians in Lebanon. This, combined with the economic downturn of the early 1980s, aggravated the population and encouraged Brotherhood partisans to join together. This was not the first time for the Brotherhood to form in Syria. The organization was actually launched in the late 1930s, but was suppressed in the 1950s and 60s. Initially, the *Ikhwan* merely urged the government to implement Islamic practices into the administration of the State. However, Al-Assad's Ba'athist party comprised a secular nationalist government. Aside from formally conceding that Islam was the official religion of Syria, it did not implement other Islamic practices. Members of the Brotherhood continued to push for change and openly criticize the Ba'athist regime. Increasingly, the government began using repressive measures against the Islamic groups. These measures, coupled with the problems of the 1980s, resurrected the Brotherhood's base of support. The government tightened its reign over the people. This resulted in incidents of violence between Islamists and Al-Assad's government. The government eventually outlawed membership in the Brotherhood altogether, and made it punishable by death. In 1982, a series of demonstrations by members of the Brotherhood and others government opponents were met with a serious military onslaught in which approximately two thousand (2,000) people were killed.<sup>263</sup>

Similarly, the Islamic opposition was becoming visible in a variety of MENA states. In Saudi Arabia, a nation that is allegedly very Islamic, one might not expect significant opposition to occur. Yet, the tone throughout the region was already set in

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<sup>263</sup> Ayubi, *Political Islam*, 90-94; Sonn, 184-186 and Husain, 208.



motion. Opposition in the Kingdom became glaringly obvious on November 20, 1979. On that day, a group of several hundred men led by Juhayman bin Muhammad Al-'Utaybi and Muhammad bin 'Abdallah Al-Qahtani took control of the Sacred Mosque at Mecca.<sup>264</sup> Al-'Utaybi and Al-Qahtani were remnants of an Arabian puritanical Sunni movement known as the *Ikhwan*. This *Ikhwan* is not to be confused with the *Ikhwan Al-Muslimin* discussed earlier. Rather, this group can be traced to the Arabian Peninsula around the turn of the twentieth century. Originally, the *Ikhwan* were followers of Muhammad Ibn 'Abd al-Wahhab, the Arabian reformer of the eighteenth century, whose thought on Islam is attributed with shaping the *Wahhabi*<sup>265</sup> doctrine prevalent in Saudi Arabia. It was comprised of a variety of nomadic groups spread across Peninsula. These bands of men were instrumental in facilitating the unification of Arabia under the Al-Saud family.<sup>266</sup> Once instated, the Saudi monarchy quickly turned against the movement. As a result, the *Ikhwan* directed their activities against the Al-Saud family. They preached against its governance, religious practice and corruption.<sup>267</sup> For many years, the government did not take the *Ikhwan* seriously. After all, they were largely remnants of a centuries-old movement. However, when they stormed the Sacred Mosque at Mecca, it became clear that they should not have been underestimated. With the intention of providing an alternative government for Arabia, the siege of the Mosque lasted for

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<sup>264</sup> Joshua Teitelbaum, *Holier Than Thou: Saudi Arabia's Islamic Opposition* (Washington: Washington Policy for Near East Studies, 2000), 19-20.

<sup>265</sup> Wahhabism is considered to be an offshoot of the Hanbali school of law. Hanbali is one of the four madhabs, or schools of jurisprudence, in Islam. It is usually considered the most conservative of the four. See Armanios, *CRS Report* online.

<sup>266</sup> Tietelbaum, 19-22.

<sup>267</sup> Ayubi, *Political Islam*, 99-103.

twenty-two days. From that point on, the House of Saud took opposition voices all the more seriously.<sup>268</sup> Moreover, the royal family began asserting an even stronger tie between Islam and its rule. Illustrative of this was the late King Fahd's decision to replace his title 'his royal majesty' with '*khadim al-haramain* – the servant of the two sanctuaries.'<sup>269</sup>

Despite the above initiatives, namely the close ties of religion with the government and the iron grip the government attempts to keep over the population, opposition in Saudi Arabia remains commonplace. Throughout the first Gulf War, the presence of U.S. troops on Saudi soil increased calls for an authentic Islamic government in Saudi Arabia. Simultaneously, the liberal and secular movement became more active, calling for the liberalization of the government and a loosening of restrictions over women. Some women were pushing for the permission to drive. In a landmark event, approximately seventy women took to the streets in their cars in petition. The religious opposition was outraged. The Saudi leadership was being pulled in opposite directions. In an attempt to appease both sides, King Fahd announced his intention to conduct political reforms and open a *majlis al-shura* on one hand, and maintain the law prohibiting women to drive in the kingdom on the other.<sup>270</sup>

The Islamic Opposition in Saudi Arabia has taken many forms. According to a *Center for Strategic and International Studies (CSIS)* report, opposition movements in the Kingdom can be categorized into three main groups: intellectual non-violent criticism,

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<sup>268</sup> Ibid and Tietelbaum, 19-22.

<sup>269</sup> Ayubi, *Political Islam*, 104.

<sup>270</sup> Tietelbaum, 25-33.

non-violent political activism and others which use violence as a means to achieve their goals.<sup>271</sup> While the government does respond with arrests, it prefers to use bribes and other method of cooptation discussed in the previous chapter in order to quell opposition. The government closely monitors the activities of those in the first two groups, but does not want to risk creating “martyrs of otherwise weak opposition figures.”<sup>272</sup> Other known groups in Saudi Arabia include followers of Osama Bin Laden and Al Qaeda. However, their overt and violent tactics are more directed against Western influence in the region. Saudi initiatives against them are widely reported and known. Hence, it is more important to this discussion to mention the more moderate movements.

Among the movements that originated as intellectuals criticizing the Saudi government are the *Committee for the Defense of Legitimate Rights (CDLR)* and the *Movement for Islamic Reform in Arabia (MIRA)*.<sup>273</sup> CDLR was in effect one of the consequences of the Gulf War. It officially formed in 1993, and began to be noticed by officials later the same year. The aims of the CDLR can be summarized as follows: “...struggle for the elimination of injustices, the restoration of legitimate rights, and the guarantee of peoples’ right to express their opinions freely and to live in honour and dignity in an environment of equality and justice.”<sup>274</sup> Saudi expatriate members of the CDLR in Western nations have claimed to be a human rights organization fighting for

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<sup>271</sup> Anthony H. Cordesman and Arleigh A. Burke, *Saudi Arabia Enters the 21<sup>st</sup> Century: IV. Opposition and Islamic Extremism: Final Review* (Washington: Center for Strategic and International Studies (CSIS). 21 December 2002), 24.

<sup>272</sup> Cordesman and Burke, 22.

<sup>273</sup> Ibid; and Mahan Abedin, “Interview: Dr. Saad al-Faqih: Head of the Movement for Islamic Reform in Arabia (MIRA),” *Middle East Intelligence Bulletin*, Volume 5, Number 11. (November 2003). Available online: [http://www.meib.org/articles/0311\\_saudii.htm](http://www.meib.org/articles/0311_saudii.htm).

<sup>274</sup> Cordesman and Burke, 29.

democracy in Saudi Arabia. However, they have been accused of merely operating under a democratic façade in order to gain Western support. In fact, the CDLR calls for the overthrow of the Saudi monarchy and the implementation of their definition of a truly Islamic state. The leader of the CLDR, Mohammed Al-Masari, fled to the United Kingdom in 1994, where he continued to disseminate materials criticizing the Saudi government.<sup>275</sup>

The Saudis have accused the CDLR of engaging in violence within the Kingdom. These accusations have been denied by the CDLR. However, the CDLR did warn that violence could occur if the Saudi government continued to repress the voice of the opposition.<sup>276</sup> The threat of violence combined with Al-Masari's own expression of sympathy for the perpetrators of the fatal 1996 terrorist attack of the US Air force complex at Al-Khobar made it difficult to overlook potential radical elements of the movement. Even though the Al-Khobar attack was carried out by the Saudi Hizbollah – a Shi'a organization within Saudi Arabia with links to Iran and Lebanon – Al-Masari's own admittance of understanding cast shadows over his ambitions.<sup>277</sup> In the same year, Saad Al-Faqih, one of the leaders of CDLR, left the organization and created his own group, named the Movement for Islamic Reform in Arabia (MIRA). Some attribute the split to Al-Masari's comments, while others have alleged that Al-Faqih cooperated with the Saudis and so pitted himself against Al-Masari.<sup>278</sup> What is known, however, is that MIRA seems to be a more moderate organization than its precursor.

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<sup>275</sup> Ibid., 29-32.

<sup>276</sup> Tietelbaum, 53.

<sup>277</sup> Cordesman and Burke., 31-32 and 35-41.

<sup>278</sup> To read more about the CDLR as well as the split see Tietelbaum, 49-67.

Al-Faqih heads the organization from London. Essentially, MIRA calls for the creation of a new *shura* council (consultative council) within the Saudi Kingdom. This new council would be directly elected by the people and would hold enough power to appoint the head of government. The ambitions of MIRA are clearly aimed at the overthrow of the Al-Saud family rule. In a 2003 interview, Al-Faqih claimed:

We are demanding changes in the country and these changes are simply incompatible with the survival of the regime. I don't expect the regime to bring about comprehensive reforms on its own. It cannot tolerate even minimal freedoms of expression and assembly. If these freedoms were allowed, people would demand an accounting of the many billions of dollars stolen by the royals and, if they were not stopped, they would then encircle the princes' palaces, demanding the return of these billions. People would demand that those behind the abuse of thousands of prisoners be prosecuted and, if not stopped, would attack the prisons or the Interior Ministry. The regime is instinctively aware of this and will not allow it to happen.<sup>279</sup>

Al-Faqih's bold statements have naturally placed him in great disfavour with the Saudi government. Yet his absence from the Kingdom however makes it difficult for them to co-opt him or the entire movement. Despite Al-Faqih's claim that MIRA aims to achieve its goals strictly through peaceful measures, the Saudi government has resorted to smearing both Al-Faqih and the movement. Al-Faqih has also claimed to be the victim of an attempted kidnapping.<sup>280</sup>

Saudi Arabia's struggle with the Islamic opposition is not unique. As already discussed in the case of Egypt and Syria, many governments in the Arab-Islamic world are struggling to keep control of dissenting voices within their respective populace. This has proven to be no easy task. Throughout the region, various manifestations of Islamic

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<sup>279</sup> Abedin, interview with Al-Faqih.

<sup>280</sup> Ibid.

opposition movements have permeated diverse elements of society. In many places they mobilize demonstrations against relations with Israel as well as hold protests against Western military involvement in the region, such as the 2003 U.S. invasion and subsequent occupation of Iraq. In nations like Egypt, Lebanon, Jordan and Kuwait, Islamists engage in legal battles and media campaigns against permissive writers and television programs.<sup>281</sup> In Bahrain, they demonstrated in favour of a constitution until it was finally adopted in February of 2002.<sup>282</sup> Furthermore in Lebanon and Morocco, Islamic groups organize strikes against the high cost of living.<sup>283</sup>

The previous chapter already reviewed how Arab regimes maintain their rule through rent, through paying lip service to the guardianship of an Arab and/or Islamic cause or society, and through sustaining powerful organizations to monitor, control and at times suppress all political and religious functions.<sup>284</sup> In fact, it can be said that autocratic regimes form strong branches and security agencies “whose main job is to absorb or repress rival political voices.”<sup>285</sup> Essentially, irrespective of the type of government in place, all Arab states have strong law enforcement.<sup>286</sup> To justify their repressive measures

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<sup>281</sup> Emmanuel Sivan, “Why Radical Muslims Aren’t Taking Over Governments,” *Middle East Review of International Affairs (MERIA)*, Volume 2, Number 2 (May 1998).

<sup>282</sup> A translation of the Constitution of Bahrain is available online at the Government of Bahrain Website: Hamad bin Isa Al Khalifa, “Constitution of the Kingdom of Bahrain,” *Bahrain Government Homepage* (February 14, 2005), <http://www.bahrain.gov.bh/images/constitutione.pdf>.

<sup>283</sup> Sivan.

<sup>284</sup> Daniel Brumberg, “The Trap of Liberalized Autocracy,” *Journal of Democracy*, Volume 13, Number 4 (October 2002), 58.

<sup>285</sup> Brumberg, 58.

<sup>286</sup> Daniel I. Byman and Jerrold D. Green, “The Enigma of Political Stability in the Persian Gulf Monarchies,” *Middle East Review of International Affairs (MERIA)*, Volume 3, Number 3 (September 1999).

and the use of force, most governments point to the Islamist threat. As a means of avoiding the use of force in all situations, some governments have adopted ways of involving Islamic groups in politics. Egypt is a case in point. The Egyptian government has outlawed the *Ikhwan Al-Muslimin* and refused its bid to run in parliamentary elections. In addition, it hinders the creation of any Islamic political party and does not want to promote “a liberal Islamic party, either because they fear that radicals might capture it or because they do not want a successful liberal Islamist party to ally with secular parties in ways that might undermine the regime’s strategy of survival through a delicate balancing act.”<sup>287</sup> However, it is widely known and accepted that the *Ikhwan* works within the system and that many of the independent parliamentarian candidates are in fact members of the *Ikhwan*.<sup>288</sup>

Looking back over the section on *Sustaining Legitimacy in Modern Arab States* in Chapter 2, one can find a more detailed discussion of the measures taken by various governments to both suppress and/or appease the Islamic opposition. These range from the ways governments have co-opted the opposition into the system through the creation of *shura* councils or elected parliaments to the token electoral processes found in Egypt and Yemen. While these minor reforms serve the dual purpose of appeasing both internal and external demands for liberalization, they do little to truly enhance the level of civil engagement in politics. Despite this, many Islamic activists have called for democratization in their respective nations. In countries such as Algeria, Egypt, Jordan,

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<sup>287</sup> Brumberg, 62.

<sup>288</sup> See for example Sana Abed-Kotob, “The Accommodationists Speak: Goals and Strategies of the Muslim Brotherhood of Egypt,” *International Journal of Middle East Studies*, Volume 27, Number 3 (August 1995), 321; and John Walsh, “Egypt’s Muslim Brotherhood: Understanding Centrist Islam,” *Harvard International Review*, Volume 24, Number 4 (Winter 2003).

Kuwait, Lebanon, Morocco, Sudan, Tunisia and Yemen, members of Islamic opposition movements have participated in parliamentary elections.<sup>289</sup> Moreover, according to a number of sources, the Egyptian *Ikhwan Al-Muslimin* has every intention of remaining committed to democratic development within Egypt.<sup>290</sup> The Brotherhood has the largest base of support in Egypt. Thus, it would be beneficial for the *Ikhwan* to remain committed to working within the system. John Walsh of Harvard University asserts that if there were a completely free election in Egypt, “the Brotherhood would carry the country in a landslide.”<sup>291</sup> However, given a hypothetical attainment of power, it is unknown whether or not the Islamic opposition would uphold the democratic process that brought them there.<sup>292</sup>

Partly due to this uncertainty, the Western world provides little encouragement for political change. First of all, many of the authoritarian regimes, such as the Saudi monarchy, are allies with the West. Second, as in the case of Egypt, the most formidable opposition in a majority of Arab states are Islamic. Thus, it is reasonable to conclude that a free and fair election would result in the Islamists’ attainment of power. As such, the West is afraid that an Islamic opposition group in power would be intolerant and violent – particularly against Western interests.<sup>293</sup> While the West speaks about the importance of democratization across the world, it seems to prefer an undemocratic Middle East to a democratic one that is unfriendly. Historical evidence suggests the same. In 1951 and

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<sup>289</sup> Bill and Springborg, 58.

<sup>290</sup> Abed-Kotob, 321; and Walsh.

<sup>291</sup> Walsh.

<sup>292</sup> Walsh.

<sup>293</sup> Walsh.



1957, the U.S. sided against democratic forces “in favour of despotic but friendly monarchs” in Iran and Jordan respectively<sup>294</sup> Furthermore, the media and even many scholars contend that an Islamic movement in power would be hostile, anti-democratic, and violent. Samuel Huntington’s predictions of a “clash of civilizations” are believed as though they were prophetic insight. Amos Perlmutter, a political scientist at the American University, is cited as one who typifies the above perspective. In his writings, he emphasizes “the very real threat of Islamic fundamentalism.” According to Perlmutter, “there is no spirit of reconciliation between Islamic fundamentalism and the modern world – that is, the Christian-secular universe.”<sup>295</sup>

Western perceptions around Islamic government may be part of the reason why the refusal to cede power to the democratically elected *Front Islamique du Salut (FIS)* party of Algeria met with little to no disapproval in the West. Despite the Islamic opposition’s 1990 electoral victory, it was denied its win. The second set of elections was cancelled, a military coup took place and thousands of FIS members were arrested. Following this retreat from the democratic modus operandi, Algeria was swept into turmoil. Violence between the FIS and the government went on for years. Even now, the situation is at a stalemate.<sup>296</sup> Rather than advocating democratization, the West remains silent. It seems its prefers dictators to democratically elected Islamists who could change the course of foreign relations.

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<sup>294</sup> Nazih N. Ayubi, *Over-stating the Arab State: Politics and Society in the Middle East* (London and New York: I.B. Tauris Publishers, 1999), 402.

<sup>295</sup> Amos Perlmutter, “Wishful Thinking about Islamic Fundamentalism,” *Washington Post* (January 19, 1992) as cited by Abed-Kotob, 321.

<sup>296</sup> Bruce Maddy-Weitzman, “The Islamist Challenge in North Africa,” *Middle East Review of Islamic Affairs (MERIA)*, Volume 1, Number 2 (July 1997). Available online: <http://www.biu.ac.il/SOC/besa/meria/journal/1997/issue2/jv1n2a7.html>.

Notwithstanding common Western beliefs regarding Islam as hostile and adverse to political development, violence is not an innate component of Islamic movements. Many of the most prominent thinkers advocated peaceful means of opposition. While radical elements of Islamic revivalism may truly be incompatible with democracy and perhaps even modernity, other strains of the Islamic opposition may not be. There are many moderate Islamic organizations calling for political reform and the adoption of democratic processes. One such example comes from the works of Gamal Al-Banna, the younger brother of Hasan Al-Banna. Gamal addressed the issue of Islam and democracy by carefully looking at Islamic heritage. Through his research, he composed a framework based on Islam that is “very supportive of pluralism, of democracy, shura, and of human rights, and respect for non-Muslims.”<sup>297</sup> Gamal Al Banna is not alone in his modern interpretations. In fact, his works are part of a series of twenty books by different Islamic reformers and thinkers from all over the Muslim world.<sup>298</sup> Moreover, the Ibn Khaldun Centre for Development Studies is engaging in an Islamic reformation project. One task of this project is to compile monographs from fifteen different Islamic reformers. This project aims to squarely confront the “socio-political and moral issues of vital concern to both Muslims and non-Muslims alike.” Specifically, these books will address the following issues: basic human rights and particularly the rights of women and non-Muslim minorities in a predominantly Muslim society; the use of violence and the concept of jihad; and liberal democratic governance. Through this they will look at the basic social, religious and political freedoms articulated in United Nations’ international

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<sup>297</sup> Ibrahim in *CSIS Briefing Notes*, 16.

<sup>298</sup> Ibid.

conventions, freedom of speech as well as the freedom to proselytize and to convert from Islam.<sup>299</sup> Hence, there are a variety of types of Islamic movements. There is a clear distinction between what Saad Eddin Ibrahim calls the “hijacked Islam” of the Taliban or other Jihadi Islamic movements and the moderate calls to return to Islam.<sup>300</sup> Despite these differences, the Islamic opposition remains largely repressed by their own governments and feared by the non-Muslim and particularly Western world.

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<sup>299</sup> “The Islamic Reformation Program,” Ibn Khaldun Center for Development Studies (Cairo: 5, 6 October 2004). Available online: <http://www.eicds.org/english/activities/programs/islamicreform.htm>.

<sup>300</sup> Ibrahim in *CSIS Briefing Notes*, 16.

## **CHAPTER 4: Economic Aspirations and Endeavours**

Economic uncertainty is prevalent across much of the MENA region. Many of these state economies depend almost exclusively on the oil industry. In many other states, great wealth disparity exists between the social classes.<sup>301</sup> The economic crisis of the mid-1980s accentuated the problem. As a result, governments began to seriously look at their economic programmes and develop fresh strategies for dealing with the new global economy and the incumbent problems this brought to the region. At the same time, the population grew increasingly dissatisfied with their governments' inability to solve economic woes. Membership in Islamic opposition movements rose. Not only were new forms of government desired, but also new ways of solving economic challenges. The ostensible failure of Western secular models brought another idea to the table. Islam, perceived as a complete way of life, could provide not just the ideal form of government but also a model for running the economy. Since that time, Islamic movements have been largely unable to attain complete power or even strongly penetrate governing bodies. Meanwhile, states such as Egypt began a series of economic reforms to meet new demands. The liberalization of mostly state-controlled economies was underway. Nevertheless, liberalization did little to subdue the Islamic opposition. In fact, some have argued that it intensified calls for Islamic direction.<sup>302</sup> Since most reforms were

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<sup>301</sup> Nazih N. Ayubi, *Over-stating the Arab State: Politics and Society in the Middle East* (London and New York: I.B. Tauris Publishers, 1999), 399-402.

<sup>302</sup> Eberhard Kienle, *A Grand Delusion: Democracy and Economic Reform in Egypt* (London and New York: I.B. Taurus Publishers, 2001), 163.

recommended from abroad, they carried with them the perception of foreign economic domination and dependence.<sup>303</sup> Therefore, it could be argued that an indigenously developed economic development programme would be better fit for the region and better received by the population. However, concern about the implications that might accompany the notion of an Islamically constructed economic system have played a hand in preventing its fruition.

The first chapter of this paper discussed the theoretical background of Islam and economics. It illustrated that Islamic doctrine itself posed no real hindrance to economic advancement or compatibility with the existing global system. Moreover, what was proposed by Muslim scholars themselves was not markedly different from existing models. With the exception of the incorporation of religion into the economic discussion and a value-based imperative of social justice, Islamic economic theory was not in the least bit adverse to capitalist features of rationalism, production, trade and commerce.<sup>304</sup> However, we determined that while there was no clearly defined Islamic economic model per se, there were a series of guidelines gleaned from the Qur'an and prophetic traditions, which can be used in the formation of an economic model. Thus, rather than one particular Islamic model, there are scores of ways Islamic teachings could be interpreted into an economic model. Thus, there is the possibility of an Islamic Economic Option (IEO), which could be shaped to fit different developmental stages or country experiences. Indeed, there is potential that an Islamic economic model could be an option for many countries. The question then becomes what the adoption of this option would

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<sup>303</sup> Kienle, 163.

<sup>304</sup> See for example, Maxime Rodinson, *Islam and Capitalism*, translated by Brian Pearce (Austin: University of Texas Press: 1978).

look like should an Islamic opposition movement attain power. The remainder of this chapter will look at the platform of the Islamic opposition as well as existing manifestations of Islamic economics found in the burgeoning Islamic banking institutions across the globe.

### ***Economic Platform of the Opposition***

Islamic opposition movements are becoming more visible throughout the MENA and even across the world. With the intensification of political and economic uncertainty and instability in the MENA, many people are looking for a means to explain developmental stagnation as well resolve it. Islam seems to provide the answer. According to Giacomo Luciani, “the common Islamic language is not sufficient to transform generic dissatisfaction and revolt into a political movement.”<sup>305</sup> Thus, it is the combination of economic, political and social deficiency that causes the appeal of Islamic opposition movements to increase. This increase has been partially attributed to democratization. A number of scholars espouse an argument linking the fiscal crisis of the state to democratization.<sup>306</sup> They contend that if a state does not encounter an economic crisis, then it has no real reason to democratize or liberalize. This is especially true of the rentier states. This hypothesis indicates why states with minimal access to rent tend to be more democratic whereas rent-rich states tend to be less so.<sup>307</sup> States that face a

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<sup>305</sup> Giacomo Luciani, “The Oil Rent, the Fiscal Crisis of the State and Democratization,” Ghassan Salamé, (ed.), *Democracy Without Democrats? The Renewal of Politics in the Muslim World* (London and New York: I.B. Tauris Publishers, 2001), 144.

<sup>306</sup> See for example, Luciani’s article in Ghassan Salamé, (ed.), *Democracy Without Democrats*, 130-155.

<sup>307</sup> Bradley Louis Glasser, *Economic Development and Political Reform: The Impact of External Capital on the Middle East* (Cheltenham and Northampton: Edward Elgar Publishing Inc., 2001), 124.

fiscal crisis will inevitably have to begin to liberalize. Liberalization signals weakness, sets the stage for the development of civil society and increases the strength of the opposition.<sup>308</sup> This argument suggests that it is not exceedingly implausible to assert that an Islamic opposition's rise to power is perhaps a possibility. Algeria provides a good example of the argument linking the fiscal crisis of the state with democratization. The government of Algeria never even considered loosening its hold over politics or the economy until it faced a huge economic downturn in the mid-1980s. The decline of government prominence opened the door to competing forces to meet the needs left by the government's failures. The 1991 successes of the *Front Islamique du Salut* (FIS) in municipal and provincial elections was a direct consequence of the economic downturn and subsequent political liberalization.<sup>309</sup>

It seems logical to assume that an Islamic opposition movement could come to power in a MENA state, given that Islamic movements form the strongest opposition to regimes in the region. Much of the resistance to the government stems from economic inadequacies. Thus, much of the rhetoric against the government accuses it of poor economic management. One may well wonder what the opposition proposes in terms of economic development. The political platforms of the Islamic opposition primarily fall under the categories described in the thought and writings of Islamic reformers calling for renewal in the Muslim community. Most Islamic groups call for the establishment of an Islamic state. Some discuss what it may look like or what it is supposed to look like according to sacred texts. However, one hears much less about what these movements put forward in terms of economic strategy. Presently, most of the MENA states are fairly

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<sup>308</sup> Luciani in Salamé, *Democracy Without Democrats*, 134.

<sup>309</sup> Luciani in Salamé, *Democracy Without Democrats*, 144-149.

integrated into the global economy, insofar as they are highly dependent on foreign trade.<sup>310</sup> While some Islamic organizations do call for the cessation of all relations with the West, it seems likely that a structured and pragmatic opposition would continue to operate on a global scale.

On the whole, Islamic opposition movements in the Arab-Islamic world have not published specific economic platforms. This may partly be due to the fact that they are not fully recognized or legally acknowledged Islamic parties. Therefore, they do not have the necessity to craft specific electoral platforms. The Egyptian *Ikhwan Al-Muslimin* is a case in point. While a number of *Ikhwan* members have spoken about the Islamic attributes of the state and economy, few have specifically translated it for the modern era. They, like the scholars and theorists discussed in the first chapter, look at the importance of rational activity, production and profit, as well as the Islamic imperative of social justice. However, these discussions are all theoretical with no specific steps for implementation in today's world.<sup>311</sup>

Even Sayyid Qutb's earlier book on *Social Justice in Islam* did not detail practical application. After discussing political and economic theory in Islam, Qutb concluded his book by discussing "the Present State and the Prospects of Islam"<sup>312</sup> In this chapter, Qutb called for the renewal of Islamic life. He asserted that the society in which he lived was not a truly Islamic society. As such, it disregarded many important principles Islam

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<sup>310</sup> Clement M. Henry and Robert Springborg, *Globalization and the Politics of Development in the Middle East* (Cambridge: Cambridge University Press, 2001), 66.

<sup>311</sup> See Sana Abed-Kotob, "The Accommodationists Speak: Goals and Strategies of the Muslim Brotherhood of Egypt," *International Journal of Middle East Studies*, Volume 27, Number 3 (August 1995),

<sup>312</sup> Sayyid Qutb, *Social Justice in Islam*, translated by John B. Hardie (n.p.: Islamic Book Services, n.d., first published by Cairo: Maktabat Misr, n.d. approximately 1945), 227-276.



deemed necessary for a nation's success and proper livelihood. He also reviewed the successes throughout Islamic history as well as the negative aspects of Western capitalism.<sup>313</sup> The latter half of the chapter becomes somewhat more practical as he discusses ten (10) areas of law to ensure a strong economy and society that did not neglect social justice. He wrote about laws governing the poor tax, the mutual responsibility of society, general taxation, public resources, public interest, legacies, mutual help and usury, gambling, prostitution, and alcohol.<sup>314</sup> However, even his discussion of these laws was centred on the theory of Islamic regulations, with little to no mention of how they would be applied should an Islamic state come to be.

In more recent times, the *Ikhwan* has also been criticized for not detailing socio-economic programs of reform. While they discuss broad goals to solve the problems of economic decline and low living standards, strategies for achieving these goals are left unsaid. Ann Lesch has identified the most practical declaration of economic development requirements articulated by the Brotherhood. These include:

- 1) Shrinking the government bureaucracy and public sector;
- 2) Official adherence to standards of high productivity;
- 3) The private sector as the backbone of the economy;
- 4) A non-interest bearing banking system;
- 5) Zakat; and
- 6) Independence from foreign economic intervention.<sup>315</sup>

Many of the *Ikhwan's* principles and, indeed, Islamic notions on economics in general, have been identified as closely related to socialism. Nevertheless, the Brotherhood's focus on the private sector and their call for shrinking government bureaucracy display a

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<sup>313</sup> Kotb, 227-266.

<sup>314</sup> Ibid., 267-276.

<sup>315</sup> Ann Lesch cited in Abed-Kotob, 327.

flare of laissez-faire economics.<sup>316</sup> In fact, the Brotherhood supported Anwar Sadat's economic liberalization initiatives, a move that apparently enriched a significant number of *Ikhwan* members. In fact in 1980, 8 out of 18 families who dominated Egypt's private sector were associated with the *Ikhwan al-Muslimin*.<sup>317</sup>

According to the above list, the Brotherhood also calls for independence from foreign economic intervention. While this sounds like an extreme measure, they are actually advocating the integration of Muslim economies to prevent reliance on the West.<sup>318</sup> MENA countries are among the most dependent countries in the world.<sup>319</sup> Many feel that the poor performance of their economies can partially be attributed to foreign economic subjugation. Thus, limiting this control seems a desirable ambition. One can only speculate as to whether this independence would be translated as a complete termination of economic relations with the West, or just a step in shifting their economic reliance away from the West. It seems impractical to suggest that they would be willing and/or able to fully withdraw from the global economy. As a result of their lack of a detailed platform, one can only hypothesize how a Muslim-Brotherhood-led government would evolve.

The Muslim Brotherhood is not the only organized Islamic movement with a lack of clear economic strategies. Even other highly organized opposition groups have not carefully constructed economic strategies. *Hizb ut-Tahrir* (HUT) is one such Islamic group that calls for reform in a variety of Muslim countries around the world, such as

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<sup>316</sup> Abed-Kotob, 327.

<sup>317</sup> Joel Beinin, "Political Islam and the New Global Economy: The Political Economy of an Egyptian Social Movement," *The New Centennial Review*, Volume 5, Number 1 (Spring 2005), 120.

<sup>318</sup> Abed-Kotob, 327.

<sup>319</sup> Ayubi, *Over-stating the Arab State*, 401.

Saudi Arabia and Uzbekistan. While the group functions under the guise of a human rights movement, it is an Islamist movement aimed at the establishment of Islamic leadership in many nations. *Hizb ut-Tahrir* teachings are radical interpretations of Islamic doctrine. The group disregards all other forms of religion, secular ideology and even Muslim organizations by terming them unacceptable unbelieving (*kufir*) organizations and belief systems. Today HUT is based primarily in the United Kingdom.<sup>320</sup>

Unlike more traditional Islamic parties, *Hizb ut-Tahrir* is supranational and refuses to be involved in local politics. Therefore, it is impossible for regional leaders to co-opt the group. HUT is not a political party in the sense that it does not want to participate in national politics, run in elections or be part of any coalition government. It has long claimed its desire to achieve its objectives through non-violent means. While it has clearly written principles, goals and objectives of establishing Muslim leadership, it has not clearly delineated a structured development plan. *Hizb ut-Tahrir* has published a 152-page book entitled the *Economic System of Islam*.<sup>321</sup> This work is probably one of the best representations of an Islamist movement's program for economic reform. It clearly describes different economic principles adduced from HUT's interpretation of sacred texts. Moreover, HUT delves into the intricacies of topics like production, ownership, enterprise, public and private property, as well as foreign trade. Hence, much of the book examines the theory of Islamic economics. It also discusses the previous way Islamic societies functioned, and criticizes both capitalist and socialist models. However,

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<sup>320</sup> See Hizb Ut-Tahrir, *The Methodology of Hizb Ut-Tahrir for Change* (London: Al-Khalifah Publications, 1999), 16. Publication available online on the official site of Hizb-Ut-Tahrir: <http://www.hizb-ut-tahrir.org/english>; and Olivier Roy, "Qibla and the Government House: The Islamist Networks," *SAIS Review*, Volume 21, Number 2 (Summer-Fall 2001), 61-62.

<sup>321</sup> Hizb Ut-Tahrir, *The Economic System Of Islam* (London: Al-Khalifah Publications, 2000). Publication available online on the official site of Hizb-Ut-Tahrir: <http://www.hizb-ut-tahrir.org/english>.

HUT fails to delineate specifically what type of actions an Islamic state in transformation would take to bring about the implementation of its definition of an Islamic economic model. For example, in regards to ways of solving the ‘economic problem’ it writes:

... one finds that the Islamic method in solving the economic problem is the very same method Islam uses in solving any of the other human problems. The common approach of Islam is to study the reality of the economic problem, understand it, and then deduce a solution for the problem from the *Shari’ah* texts after studying these texts, and to ensure that they apply to that particular problem. This is different from the Capitalist and Socialist method. In Capitalism, the situation which resulted from the problems is used as a source for the solutions (pragmatism). In Socialism the solutions are taken from hypothetical assumptions which are imagined to be existent in the problem, and the solutions are put according to these assumptions. Each of these two methods is different to the method of Islam, so it is not allowed for a Muslim to adopt them.<sup>322</sup>

The above paragraph is demonstrative of the tone throughout much of HUT’s literature. It discusses the theory of the Islamic way, asserts the supremacy of the Islamic system, and then utilizes a sort of loose deduction of the Islamic “method” without detailing an applicable solution. Moreover, throughout the text, Western models are consistently criticized for their downfalls. However, the only reason presented for not using or incorporating Western models is that they are not specifically Muslim.

Despite HUT’s adherence to religious absolutism, the fact *Hizb ut-Tahrir* is such a large organization makes it interesting to look at its economic proposals or lack thereof. While its beliefs are fairly radical, its commitment to non-violence has been abided by.<sup>323</sup> Since *Hizb ut-Tahrir* is such a large organization based in the UK, it is arguably among the most organized Islamic opposition movements in the world today. Nevertheless, by and large it has failed to construct a specific economic platform. Literature released by

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<sup>322</sup> Ibid., 44-45.

<sup>323</sup> Roy, 61.

Islamic opposition movements is difficult to come across in English. However, what has been written seems largely void of any discussion of economic strategy. The *Ikhwan Al-Muslimin* and the *Hizb ut-Tahrir* are good examples of Islamist movements. The former, in existence for a number of decades, is a moderate movement predominately functioning at a national level, although it has offshoot branches in other Muslim nations. The latter, based in the West since the mid-1950s, is a more radical, though non-violent, movement functioning at the international level. Both movements are fairly organized in comparison to other Islamist movements. However, their economic strategies still have not been clearly detailed. Since there is not enough written on the subject, it is unknown how they would operate, given a hypothetical rise to power at this point in their development.

Nevertheless, because the literature and theory behind the Islamic economic option is not in the least bit opposed to progress, modernization or even existing economic systems, it is reasonable to assume that an Islamic government would function well within the global order. Should this government adhere to contemporary moderate calls for the implementation of Islam into the economic sphere, the outcome could be better fit to the circumstances of the Arab-Islamic world.

### ***Global Islamic Banking***

Throughout history, Muslim countries have rarely been governed by strict Islamic economic principles. Perhaps the only time since the establishment of Islam that adherence was strict was during the reigns of Abu Bakr and Umar, the first two Islamic

caliphs.<sup>324</sup> In the absence of a practical example of an Islamic economic model, one must resort to relying on Islamic economic theories and expressions of Islamic economics to determine the feasibility of an Islamic approach in the contemporary era. In the discussion in chapter one, we concluded that theoretically an Islamic economic option could be both feasible and compatible with the new world order. While there are a few challenges to this compatibility, namely the faith-based imperative and the prohibition of *riba*, these are not insurmountable. In addition, incumbent expressions of Islamic economics have materialized in the proliferation of Islamic banking and financing across the Muslim world and even in many Western nations.

Modern Islamic banking began in 1963 in Egypt with the creation of a rural savings bank.<sup>325</sup> However, it did not really flourish until the establishment of the Islamic Development Bank (IDB) by the Organization of Islamic Conference (OIC) and founding of the Dubai Islamic Bank (DIB) in 1975.<sup>326</sup> It was at this time that the concept of Islamic banking really began to advance. After the establishment of the DIB, other Islamic banking experiments followed suit. The greatest subsequent initiative was headed by Prince Muhammad Al-Faisal of Saudi Arabia in 1977. He established an Islamic banking chain known as the Faisal Islamic Banks. The Faisal Islamic Bank of Egypt and Sudan were the first two Faisal Banks. They were soon followed by the Islamic Bank of Jordan,

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<sup>324</sup> John Thomas Cummings, Hossein Askari, and Ahmad Mustafa, "Islam and Modern Economic Change," in John L. Esposito, ed., *Islam and Development: Religion and Sociopolitical Change* (New York: Syracuse University Press, 1980), 45.

<sup>325</sup> Humayon A. Dar, "Financial Sector Reforms in the OIC Countries: The Islamic Influence," *One Day Workshop on the Contribution of Religion and Culture to Economic and Financial Development* (Kuwait: Gulf University for Science and Technology, February 13, 2005). Transcript can be found online at: <http://www.gust.edu.kw/Workshop/Social.html>.

<sup>326</sup> Rodney Wilson, *Economic Development in the Middle East* (London and New York: Routledge – Taylor and Francis Group, 1995), 119.

the Bait Al-Tamwil of Kuwait, and the Al-Baraka financial group.<sup>327</sup> A number of successive initiatives followed suit, among them the Bahrain and Qatar Islamic Bank which opened in 1979 and 1982 respectively.<sup>328</sup> With the exception of the DIB, other Islamic banking endeavours across the Muslim world were initially met with limited success. The DIB became known as the only real successful Islamic bank. They monopolized the market in the region until 1998 when the Abu Dhabi Islamic Bank (ADIB) commenced operations. As a result of the DIB's primary domination of the Islamic banking market, service quality and customer service was poor. However, the entrance of ADIB into the market brought a new advanced management style, image and "strategic thrust."<sup>329</sup> Today, ADIB is the world's largest Islamic bank by capitalization.<sup>330</sup> Islamic banking has since become more competitive in the Middle East and around the world. Even secular banks in the Arabian Gulf such as the National Bank of Sharjah and Amlac Finance began to offer Islamic banking options.<sup>331</sup> At present, Malaysia and Bahrain are among the most active Islamic banking markets in the world.<sup>332</sup>

Indeed, Islamic finance has become a rapidly growing global business. It is now consistently expanding into new markets and products. The IDB and Business Week report figures that there are over 265 Islamic banks in the world with total assets

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<sup>327</sup> Ayubi, *Political Islam*, 181.

<sup>328</sup> Wilson, 118-119.

<sup>329</sup> Informal interview with Ahmed El-Shall, SVP Abu Dhabi Islamic Bank. (Abu Dhabi, United Arab Emirates, 13 February 2005).

<sup>330</sup> SHUAA Capital PSC, "Company Profile: Abu Dhabi Islamic Bank," *AME Info*, Available online: [http://www.ameinfo.com/financial\\_markets/UAE/Company\\_AE0004](http://www.ameinfo.com/financial_markets/UAE/Company_AE0004).

<sup>331</sup> Ibid.

<sup>332</sup> Gamal Essam El-Din, "Islamic Finance Comes of Age," *Al-Ahram Weekly Online*, Issue Number 752 (21-27 July 2005). Available online: <http://weekly.ahram.org.eg/2005/752/ec3.htm>.

estimated to be over USD \$262 billion and financial investments over USD \$200 billion.<sup>333</sup> According to Ahmed Mohamed Ali, president of the IDB, there are three prime factors that can be attributed to the growth of the Islamic finance and banking industry. First, Islamic banks appeal to Muslim clients because these banks have *shariah* boards in place to ensure the activities of the bank are in compliance with Islamic principles. Second, the mood since September 11<sup>th</sup>, 2001 has encouraged wealthy Arabs and governments to repatriate their foreign investments to domestic Islamic banking institutions. Third, Ali claimed the IDB played a strong role in enhancing Islamic banking services.<sup>334</sup>

In an interview, Ahmed El-Shall, Senior Vice-President Strategic Planning and Financial Control of ADIB, mirrored the above sentiment.<sup>335</sup> In addition, he claimed that there are two primary market segments for the Islamic finance industry. The first segment is comprised of what he described as Muslim “puritans.” These are Muslims who restrict their activity to complete adherence to Islamic principles, and consequently will only use strictly Islamic methods of banking. According to El-Shall, this is the smaller market. The second segment is the remainder of the Muslim community. El-Shall asserts that approximately 80 percent of the Muslim population are undecided about their banking options. They do not have a specific preference towards traditional secular institutions or

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<sup>333</sup> El-Din and Assif Shameen, “Islamic Banks: A Novelty No Longer,” Business Week Online (August 8, 2005); available online: [http://www.businessweek.com/magazine/content/05\\_32/b3946141\\_mz035.htm](http://www.businessweek.com/magazine/content/05_32/b3946141_mz035.htm).

<sup>334</sup> El-Din.

<sup>335</sup> Ahmed El-Shall is a prominent figure in the Islamic banking industry. Many reports on Islamic banking as well as conferences on the topic consult his opinion. A simple internet search under his names reveals the many conferences and publications that he has been involved in or consulted for. See for example: <http://www.iht.com/articles/113097.html>; <http://www.islamicfi.com/English/news/artical.asp?ID=59085>; <http://www.encoremanagement.com/pdf/Risk%20Management%202003%20program.pdf>; and [http://www.fortune.com/fortune/services/sections/fortune/intl/media/2001\\_12gulf\\_states.pdf](http://www.fortune.com/fortune/services/sections/fortune/intl/media/2001_12gulf_states.pdf).



Islamic banks. However, if they were guaranteed the same level of service, quality and image as conventional banking, they would be interested in Islamic banking.<sup>336</sup> Thus, the ADIB and its competitors strive to be on the cutting-edge of Islamic banking initiatives. One of the more recent projects has been the unveiling of a new Islamic covered card. This card serves as an alternative to conventional credit cards. It offers all the major benefits of a credit card, only it functions in compliance with Islamic principles.<sup>337</sup>

Interestingly, the Sultanate of Oman has not permitted the creation of Islamic banks or any religious banking option. However, Omani banks, such as Bank Dhofar, are currently investigating creative ways to offer interest-free options to their customers. Rather than being labelled Islamic banking, they are referred to as “alternative banking options.”<sup>338</sup> One newly launched service along those lines is the *Al-Noor* card, the first interest-free card in Oman.<sup>339</sup> This card is very similar to ADIB’s new Islamic covered card, only without religious language attached. However, its interest-free status will allow it to reach the same market segment had it been specified as ‘Islamic.’ It is intriguing to notice that while these cards claim to be interest-free, they do charge an ‘administrative fee’ that is adjusted as a percentage of the amount spent. Although this fee is significantly less than general credit card interest rates, it can still be construed as an amount gained without effort from someone else’s arrears. Naturally, it is necessary for the bank to profit

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<sup>336</sup> Interview with El-Shall.

<sup>337</sup> “Islamic Covered Card,” *Abu Dhabi Islamic Bank (ADIB) official website*. Available online: [http://130.94.154.82/Main\\_E/Main.asp?t1=draC+derevoC+cimalsI%2DstcudorP+gnicnaniF%2DgniknaB+lanosreP&g=1&i=164](http://130.94.154.82/Main_E/Main.asp?t1=draC+derevoC+cimalsI%2DstcudorP+gnicnaniF%2DgniknaB+lanosreP&g=1&i=164).

<sup>338</sup> Informal discussion with Abdullah Farah, General Manager, Bank Dhofar (Muscat, Oman, February 2005).

<sup>339</sup> “Bank Dhofar launches ‘*Al Noor*’ – the First Interest Free card in Oman,” *Bank Dhofar official website*. Available online: <http://www.bdof.org/bankdhofar/noor.asp>.

in some way from these cards. Moreover, safeguards are in place to limit credit abuse such as the “maximum spending limit of 3 times the salary.”<sup>340</sup> However, whether these cards really comprise an Islamic credit card or merely an alternative credit card depends on the assessor.

Indeed, some authors have questioned the ‘Islamicity’ of the Islamic banking modus operandi. Though Islamic symbolism is involved, it would be unreasonable to attribute the Islamic banking formula solely to religious principles.<sup>341</sup> Initially the drive for Islamic banking in the region was appealing to “nationalistically-inclined people.”<sup>342</sup> However, it soon became another business venture invoking the interest of the commercial elite. Even El Shall contends that today many of the bankers involved in Islamic banking moved over from traditional banking institutions. Although he asserts that some have been motivated by religious commitment, a majority have engaged in Islamic banking initiatives to capitalize on the growing market.<sup>343</sup>

The increasing appeal of Islamic banks has encouraged Western banks such as HSBC, Citibank, BNP Paribas and Deutsche Bank, to become steadily involved in providing Islamic banking alternatives to their clientele.<sup>344</sup> In fact, when HSBC began to offer Islamic banking options in Malaysia, it was “surprised” that over half of its customers were not Muslim.<sup>345</sup> Moreover, in August 2004 the United Kingdom

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<sup>340</sup> “Islamic Covered Card,” *ADIB*.

<sup>341</sup> Ayubi, *Political Islam*, 178-179.

<sup>342</sup> *Ibid*, 179.

<sup>343</sup> Interview with El Shall.

<sup>344</sup> El-Din.

<sup>345</sup> Shameen, *Business Week Online*.

sanctioned the creation of the first Islamic banking institution in England, the Islamic Bank of Britain.<sup>346</sup> Perhaps the best expression of Islamic banking and finance industry in the West can be found in the United States. Amid the failures of the U.S. banking industry during the late 1980s and 1990s, the LARIBA banking concept was born.<sup>347</sup> Its name was contrived from the Arabic *la* and *riba*, which together means no usury. It is also an acronym which stands for Los Angeles Reliable Investment Bankers Associates (LARIBA).<sup>348</sup> Founded in 1987, LARIBA had high ambitions of evolving into a leader in the world-wide Islamic banking system.<sup>349</sup> However, to date it has only been mildly successful in the United States. Even with this slight success, LARIBA has not yet become a strong Islamic banking force. In fact, it has hardly expanded beyond the state of California, where it was founded. Instead, it has relied on providing remote financial services.<sup>350</sup> In any case, its strength must be relatively significant as they remain a viable banking alternative in the United States.

In keeping with Islam's prohibition of usury, there are four primary features of Islamic banking and financing – the *Murabaha*, *Mudarabah*, *Ijara* and *Musharakah* contracts. Each of these contracts meets a different need in the financial and business sector. The *Mudarabah* and the *Musharakah* contracts are both designed as a form of

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<sup>346</sup> Christopher Hope and Susannah Osborne, "Islamic law bank given go-ahead to open in UK," [article online] *The London Telegraph*, (posted August 9, 2004), available online: <http://www.telegraph.co.uk/news/main.jhtml?xml=/news/2004/08/09/nbank09.xml>

<sup>347</sup> Dr. Yahia Abdul Rahman, *LARIBA Bank: Islamic Banking – Foundation for a United & Prosperous Community* (Pasadena: Cedar Graphics, Inc., 1994), 3-4.

<sup>348</sup> "Corporate Profile," *LARIBA American Finance House*, available online: <http://www.lariba.com/company/index.htm>.

<sup>349</sup> Rahman, 107-108.

<sup>350</sup> *LARIBA American Finance House*, available online: <http://www.lariba.com>.

equity financing, whereas the *Murabaha* contract is a form of trade financing. The *Ijara* contract is a leasing model. The duration of the financing between the four models varies from short-term to long-term. The four main financing contracts have been compared in the following table:

**Table 2:  
Comparison of Islamic Financing**

<b>Financing Contracts</b>				
	<b>Murabaha</b>	<b>Mudarabah</b>	<b>Ijara</b>	<b>Musharakah</b>
<b>Nature of Financing</b>	Trade financing	Equity financing	Lease financing	Equity Financing
<b>Type of Financing</b>	Deferred sale. Asset purchased by bank and resold to client.	Trust financing/ profit-sharing	Leasing	Joint-venture/ partnership/ profit-sharing
<b>Duration of Financing</b>	Short term: 1 month to 2 years.	Mid-term: 1 to 3 years.	Mid-term: 2 – 5 years.	Long term: 3 to 10 years.
<b>Payment</b>	Client's cash flow; repossession of sold assets; customer's collateral	Mudarabah cash flow; net value of mudarabah; personal assets of client in case of contract breach	Client's cash flow; repossession of leased assets; customer's collateral	Venture cash flow; or net asset value of musharakah
<b>Asset Ownership</b>	Client receives ownership after purchasing asset from bank.	Mutual ownership of mudarabah fund.	Assets property of bank until lease over. Client receives ownership at the end of the contract.	Equity ownership of the musharakah
<b>Rate of Return</b>	Agreed markup as per contract.	Based on profit and loss. (Profit-sharing)	Rental income and value of leased assets at time of contract	Based on profit and loss. (Profit-sharing); and any annual dividends or capital appreciation.

See footnote for references.<sup>351</sup>

<sup>351</sup> Table adapted from "Comparative Analysis of Islamic Financing," *Abu Dhabi Islamic Bank Official Website*, available online:

The *murabaha* contract is the preferred method of financing by banking institutions primarily because it is easier to implement. The mark-up placed on the asset or property before sale to the borrower is not substantially different from interest-based financing. The presence of risk is much higher in the *mudarabah* and *musharakah* contracts. Thus, these contracts are least liked by banks but most called for by Islamic scholars.<sup>352</sup> The *ijara* or leasing contract is becoming increasingly popular with Islamic banks. It functions similarly to the 'lease-to-own' concept, but without the extravagant interest rates. Under *ijara*, the bank maintains ownership of the asset and the client pays an agreed-upon rental amount. Upon completion of the lease term, the client has the option of paying the original price of the asset.<sup>353</sup>

The brief discussion provided regarding the history and global proliferation of Islamic banking demonstrates how the Islamic expression of banking models can indeed work within the contemporary world order. Muslim bankers have worked around the problem of interest and investment and crafted creative measures to meet the financial needs of the bank while simultaneously addressing the religious concerns of their clientele. By and large, Marcus Noland's assertion that Islam promotes growth can indeed be affirmed when looking at the success of the Islamic economic option in terms of the banking industry. Noland conducted research measuring religion, culture and economic performance. According to his findings, Noland concluded the following of Islam:

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[http://www.adib.co.ae/Main\\_E/index.asp?dff=gnicnaniF%20cimalsI%20fo%20sisylanA%20evitarapmoC-gniknaB%20cimalsI%20tuobA&g=1&i=85](http://www.adib.co.ae/Main_E/index.asp?dff=gnicnaniF%20cimalsI%20fo%20sisylanA%20evitarapmoC-gniknaB%20cimalsI%20tuobA&g=1&i=85). Information also used from: Wilson, 114-118

<sup>352</sup> Wilson, 114-118; and El-Shall in interview.

<sup>353</sup> Wilson, 116-117.

The hypothesis that the coefficients on variables of religious affiliation are jointly equal to zero can frequently be rejected at conventional levels of statistical significance (religion matters), but no robust relationship between adherence to major world religions and national economic performance is uncovered using both cross-national and subnational data. The results with respect to Islam do not support the notion that it is inimical to growth. On the contrary, virtually every statistically significant coefficient on Muslim population analyses—is positive. If anything, Islam promotes growth.<sup>354</sup>

On the whole, Islamic banking institutions have been significantly successful. Their ability to operate effectively in the current milieu affords greater optimism that an Islamic economic option could succeed if adopted by a state.

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<sup>354</sup> Abstract of the paper "Religion, Culture, and Economic Performance" by Marcos Noland, Senior Fellow, Institute of International Economics, Washington D.C. cited by M. Fahim Khan, "Islam and Economic Development: Need for Discovering the Underlying model," *One Day Workshop on the Contribution of Religion and Culture to Economic and Financial Development* (Kuwait: Gulf University for Science and Technology, February 13, 2005), 5. Transcript can be found online at: <http://www.gust.edu.kw/Workshop/Social.html>.

## CONCLUSION

Throughout the course of this thesis, the concept of an Islamic Economic Option (IEO) was examined. As noted, Western proclivity for secular political and economic spheres makes it difficult to understand the impetus behind the desire to have a political and economic system that adhered fully to Islam or at least works alongside and strengthens an Islamic ethos. This sentiment is prominent throughout much of the Arab-Islamic world, where a strong tie exists between faith and lifestyle. For those who are less-devout, follow other religions or are largely-secular, this relationship can be challenging and even intimidating. Consequently, it seemed important to examine the concepts and theories of Islamic economics, the political situation in the Arab-Islamic world, as well as Islamic banking already in place across the world.

This thesis reached a number of conclusions. Examining the framework for an Islamic economic model revealed that while there is no specific economic model in Islam, there are a series of principles that could be used to structure an economic model or system based on Islam. The additional flexibility allowed by the guidelines could be adjusted to fit different social and time constructs. By and large, Islamic economic concepts are not remarkably different from existing models. A model comprised by them could be viewed as largely the same as contemporary economic models, namely a mix of capitalist tendencies with a disposition toward social justice. Essentially, this is comparable to the notion of a social welfare state. The defining aspect of an IEO is characterized by the incorporation of religion into both political and economic spheres. Theoretically, this option could be compatible with the current global economic system.

In fact, the development of an indigenously constructed economic model serves a political function by providing the perception of local ownership. Consequently, it would attain greater legitimacy.

The primary problem of this assumption becomes evident when looking at the existing opposition across the Arab world. This opposition is primarily Islamic in nature. As a result of Islam's emphasis on social justice, Muslim theorists often call for the introduction of a "just" alternative to social development. In fact, according to Najib Ghabbian, the "raison d'être of any Islamic state is to establish justice and to work for the prosperity of the community both in this life and the hereafter."<sup>355</sup> However, notwithstanding the calls for increased justice, there is a separation between Islamic scholarly analysis and the language of opposition movements throughout the Arab world. While early contemporary Muslim thinkers, such as Muhammad Abduh and Sayyid Qutb, influenced a number of Islamic movements, a majority of Islamic opposition groups have not constructed a clear economic agenda. For the most part, their platforms only mentioned theoretical notions found in Islam with regards to economics.

Since much of the opposition espouses a common Islamic terminology, it seems to be organized and coherent. Nevertheless, merely using religious vocabulary is not enough to sustain an entire political movement.<sup>356</sup> Substantially defensive in nature, the contemporary Islamic resurgence is a function of "spiritual panic" in the face of continued political failures, Western penetration, perceived rapid demoralization of

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<sup>355</sup> Najib Ghabbian, *Democratization and the Islamist Challenge in the Arab World* (Boulder: Westview Press, 1997), 76.

<sup>356</sup> Giacomo Luciani, "The Oil Rent, the Fiscal Crisis of the State and Democratization," Ghassan Salamé, (ed.), *Democracy Without Democrats? The Renewal of Politics in the Muslim World* (London and New York: I.B. Tauris Publishers, 2001), 144.



society, and suppression of religious and political expression in many of these nations.<sup>357</sup> It has not been a constructive response to new challenges.<sup>358</sup> Much of the rhetoric is not well thought out and is ill-suited to the contemporary reality of running a state or interacting with the global order. This lack of detail may be due to the fact that the Islamic opposition is at an early stage in its political development. Its marginal position and limited political movement inhibits the pace and progress of strategizing. Given more time to work within the political system, platforms could be more clearly constructed.

Theoretically, an IEO could be successful. Assuming the community was Muslim, an Islamic system could be progressive because theoretically it would have the support of the entire community. From this viewpoint, the state alone could not make Islamic economics work without the support of the community. The individual's adherence to Islamic principles is compelled by a faith-based construct. Thus, if the pursuit of production and profit is encouraged in Islam, it is contingent on Muslims to make an effort to be successful. However, Islamic economic principles also force the individual not to focus solely on the accumulation of wealth, but rather on its redistribution. Religious obligations of charity through *zakat* become a means of implementing a social welfare program. *Zakat*, in effect, is both a personal act of worship and a contribution to the well-being of society. Overall, the dual purpose of an Islamic state is to establish justice and strive for the wealth of the community.<sup>359</sup> Nevertheless, it is not clear whether these theoretical foundations and aspirations are sufficient to transform an Islamic

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<sup>357</sup> Fazlur Rahman, *Islam and Modernity: Transformation of an Intellectual Tradition* (Chicago: University of Chicago Press, 1982); and Sonn, 211.

<sup>358</sup> Ibid.

<sup>359</sup> Ghabbian, 76.

political and economic governance system into a successful working model. The Islamic opposition's lack of solid strategy leaves much to be desired.<sup>360</sup> Their overall weak political position means they are only able to react as opposed to having the opportunity to construct a valid and functional economic policy. Without time and opportunity, it seems likely that if an IEO were to be implemented by the opposition at this point in its development, it would be met with both limited success and a lack of compatibility with the new world order. However, after more time to develop into a recognized and pragmatic opposition, success is possible.

Thus, an IEO could be a feasible and practical economic option for the Arab-Islamic world, given the right leadership and the strength and flexibility of Islamic economic principles. Moreover, this option could be compatible with the global order. The success of Islamic financial institutions seems indicative of this possibility. Indeed, the incorporation of faith into the basis of economic governance may pose the strongest challenge to the largely secular new world order. Nevertheless, the potential and viability of an Islamic Economic Option should not be underrated.

### ***Further research***

New areas of research could be built upon from the threshold opened by this thesis. First, further research could build upon the examination of Islamic economic theories and financial institutions to conduct detailed case studies on a sample of Islamic banks in a cross-section of nations. Practical experiments interesting to look at could include the Faisal Islamic banking chain, the al-Baraka financial group, Islamic banking

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<sup>360</sup> Tamara Sonn, *Between Qur'an and Crown: The Challenge of Political Legitimacy in the Arab World* (Boulder: Westview Press, 1990), 211.

in particular nations, such as the United Arab Emirates, among others. An extension of this study could also take a comparative approach and examine Islamic banking in Malaysia, Pakistan and Sudan.

A second study could be pursued to monitor the position and policy papers, publications and press releases of a sample of Islamic opposition movements over a number of years to gauge the strength and pragmatism of their economic platforms.

Thirdly, it would be useful to conduct a study on the evolution of government economic policies and Islamic oppositional response. Currently, there are monumental changes taking place. In the past, Islamic opposition groups have often operated under covert conditions or at the margins of society. Today, doors that did not exist 3-5 years ago are opening to opposition groups. Given these new political opportunities, compromises by these movements can be expected. At the same time, existing states have no option but to compromise with the Islamic opposition. A comparative study of the politics and pragmatics of compromise, using as examples Egypt, Lebanon and Jordan, would be a valuable addition to the literature.

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