

Fusing Islamism and Neoliberalism in Egypt, Tunisia and Morocco: A Study into the Economic Policies of Three Islamist Parties



Abstract: This thesis analyses the economic policies of three Islamist parties that have come to power in the aftermath of what has come to be known as the Arab Spring. Campaigning on a platform emphasizing social justice and wealth redistribution, these parties have likewise embraced neoliberal economic policies. This thesis investigates how the Egyptian Freedom and Justice Party, the Tunisian Ennahda party and the Moroccan Party for Justice and Development have justified these two apparent contradictions and whether these parties perceive the latter as being antithetical to the former. On the basis of a wide range of primary and secondary sources, I conclude that the main channels through which these parties believe social justice and wealth redistribution are to be achieved in a neoliberal economy is through ‘trickle-down economics’ and wealth redistribution through zakat and other forms of individual charity. Evaluating the respective parties’ periods in power, one would have to conclude that as far as securing social justice is concerned, the reality is quite different from the campaign rhetoric. This has to some large extent been caused by demands raised by international financial institutions in exchange for loans to these countries, but likewise occurred prior to engaging in negotiations and eventually signing agreements with these institutions. Especially in the realm of labor laws, minimum wage laws, stimulating small and medium size enterprises and reducing subsidies on much needed consumer goods, the parties have not lived up to their earlier promises.

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*To my beloved mother, father, sister and girlfriend,
for their unconditional love and support*

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Introduction

Six years after the Arab Uprisings one can hardly say that the Middle East and North Africa region (MENA) has made any significant progress in terms of its political or economic situation. In fact, one may even argue that it has worsened, with political repression and economic deprivation at unprecedented levels. In this thesis I will analyze the economic policies that have been implemented by the parties that came to power in Egypt, Tunisia and Morocco in the aftermath of these uprisings.

Following the overthrow of the long term presidents of Tunisia and Egypt, two Islamist parties were given a mandate to govern and manage the affairs of the people residing in those countries. Moreover, they emphasized the need for social reform and promised to radically improve the economic situation of the two countries and the region alike. As will be argued in this thesis, the brief Islamist experiments in both countries have, at least as far as the realm of economics are concerned, been disappointing.

The slogan “Bread, Freedom, Social Justice” captured the very essence of the demonstrators’ frustrations and their wishes for the period to come.¹ The first and third demand, bread and social justice, are inherently connected as social justice means bread—or basic foodstuffs in general for that matter—for everyone and when everyone has enough ‘bread’ this means that at least the basic tenet of social justice is met. The second demand, freedom, is rather meaningless without the other two. After all, one cannot enjoy freedom when one’s stomach is empty. It is therefore fundamental to investigate the (socio)economic aspects of the uprisings and more importantly the economic course of events in the years that followed.

¹ One of the most detailed accounts of the uprisings in Egypt is called “Bread, Freedom, Social Justice” in reference to the importance of this slogan for the demands raised during the Arab Uprisings of 2011. Likewise, Roel Meijer states that “Bread, Freedom, Social Justice” was “the slogan of the uprisings”. Roel Meijer, “The Workers’ Movement and the Arab Uprisings,” *International Review of Social History* 61 (2016): 488. Gilbert Achcar in turn named his book “The People Want...” in reference to another popular chant, but he and others have expressed their agreement on the consensus that “Bread, Freedom, Social Justice” was the chant that symbolizes the protestor’s demands. Gilbert Achcar, *The People Want: A Radical Exploration of the Arab Uprising*, translated by G.M. Goshgarian (Berkeley: University of California Press, 2013).

The protestors in both Tunisia and Egypt were not affiliated with any political party or ideological current and were overwhelmingly secular in their demands. As the demonstrations gained momentum and the vulnerability of the regimes became increasingly apparent, the Egyptian Muslim Brotherhood (MB) and Tunisia's Ennahda party seized the opportunity and in a sense 'hijacked' the revolution, much to the dismay of many of those involved. Following the ousting of both countries' presidents, Egypt's Hosni Mubarak and Tunisia's Zine al-Abidine Ben Ali, parliamentary elections were held in October 2011 in Tunisia and December-January 2011-2012 in Egypt and both parties were given an ostensible mandate to form a coalition government. Shortly thereafter, in June 2012, the candidate of the Muslim Brotherhood, Mohammad Morsi, was elected president of Egypt.²

In addition to Tunisia and Egypt, Morocco also saw an Islamist party come to power. After having successfully participated in earlier parliamentary elections—in 1997, 2002 and 2007—the Party for Justice and Development (PJD) finally became part of a coalition government following the 2011 parliamentary elections with its leader, Abdelilah Benkirane, becoming prime minister. There were significant protests in Morocco as well during the so-called 'Spring of 2011', led by the 20 February Movement and partly as a result of these demonstrations—but certainly also as a result of the ascent of Islamism in the region in general—the country saw an Islamist party come to power for the first time in the country's history. Moreover, during its campaign, the PJD emphasized its desire to focus on economic issues and bring more prosperity to average Moroccans by luring investors to the country and by forming economic partnerships with other countries in an effort to realize economic development.³ Given that Morocco's Islamist experiment occurred at the same time as the ones in Tunisia and Egypt, and given that the PJD espoused similar economic rhetoric as these

² The Brotherhood ended up nominating a candidate for the presidency after having explicitly stated that it would not do so. Daniela Pioppi, "Playing With Fire: The Muslim Brotherhood and the Egyptian Leviathan," *The International Spectator* 48 (2013): 57.

³ It is important to realize that the notion of economic development and the term 'development' in particular was only given prominence from World War II onwards, coincidentally with the establishment of the Breton-Woods institutions such as the WB and IMF, to divide the world into 'developed' and 'underdeveloped' countries. See H.W. Arndt, *Economic Development: The History of An Idea* (Chicago: The University of Chicago Press, 1987), 49-87; Gustavo Esteva, "Development," in Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge as Power* (London & New Jersey: Zed Books, 2009), 6-8.

two parties during its electoral campaign, it would be highly informative to compare the historical trajectories of the Islamist experiences of the three countries during the past 6 years.

Prior to the uprisings as well as during the subsequent electoral campaigns, the three parties vehemently argued for a radically different economic model, namely one based on equity, social justice and more prosperity for all people in society, irrespective of social class. It is therefore of the utmost importance to determine to what extent these promises were kept, especially when we consider that the underlying state structures and the international political economic reality of the countries, and the many constraints this brought with it, have remained unchanged. In other words, one may argue that the neoliberal political and economic structures and the rise of “crony capitalism” may in fact have been at the root of much of the inequality, corruption and dismay of the protestors. If this is the case, how can someone bring about any meaningful change when failing to address and even encourage the perpetuation of these state structures? The research question that will be investigated in this thesis is therefore how Islamist parties in Tunisia, Egypt and Morocco have justified their unbridled support for and their active continuation of neoliberal economic policies while claiming to champion the rights of the underprivileged and marginalized in society and emphasizing social justice?

The outline of this thesis will be as follows. In the first chapter an overview of the economic situation in the region—with a particular emphasis on Egypt, Tunisia and Morocco—prior to the uprisings will be provided, as well as a summary theoretical overview of the principles and mechanisms of neoliberal economics. The second chapter will discuss the emergence of Islamism as an alternative ideology for the masses, following the demise of socialism and to a lesser extent nationalism at the end of the 20th century. This chapter will then go on to explain the emergence of Islamic economics as an economic philosophy as well as its origins and objectives and some of the criticism it has received. Chapter three goes on to briefly describe the history of the respective Islamist parties—the Muslim Brotherhood in the case of Egypt, Tunisia’s Ennahda and the Party for Justice and Development in Morocco—their views on matters related to the economic predicaments

facing the region and several solutions they professed before rising to power. Chapter four will be the core chapter of this thesis and in it I will discuss the period the Islamists were in power. In doing so, I will critically analyze the economic measures taken by the respective parties and in particular engage with the constraints faced by the parties when confronted with *realpolitik* and how this has affected the promises made during the electoral campaigns. This will be done by referring to a rich variety of primary and secondary source material from local newspapers and online magazines as well as on the basis of information posted to the websites of the respective parties themselves. In the final section of the chapter I will discuss my findings and answer the research question.

CHAPTER ONE

From state led growth to neoliberalism

Independence

During the colonial period, Europeans owned and controlled all facets of the colonial economy except the actual land on which production took place.⁴ As the colonies were gradually incorporated into the world economy, they were assigned the subservient position of providing raw materials and proletarian labor from what became economic ‘peripheries’ to the manufacturing ‘centers’ in Western Europe.

Following independence in the case of Morocco and Tunisia—in 1956—and following the overthrow of the monarchy in Egypt—in 1952—these states were left without an industrial base, growing mainly cash crops and exporting them to industrial centers and were lacking modern institutions.⁵ Moreover, the post-colonial states often had to repair the damage done by colonial policies either during wars of independence or due to economic underdevelopment. The main priority, therefore, was to develop the countries and to overcome the economic backwardness the imperial powers had left the region in.⁶ Given the association of poverty with the colonial system of exploitation, equity was a primary virtue in independent states after World War II.⁷

The Egyptian model under Nasser, and Pan-Arabism in general, adopted a socialist approach, mobilizing all resources under state control with emphasis being on the creation of jobs and the provision of goods of primary importance both in terms of private consumption as well as of military or strategic requirement. Under Arab Socialism, land reforms, price and rent controls, food

⁴ Charles Issawi, *An Economic History of the Middle East and North Africa* (New York: Columbia University Press, 1982), 9.

⁵ Umar Chapra, *Islam and Economic Development* (Islamabad: International Institute of Islamic Thought, 1993), 26.

⁶ Melani Cammett, Ishac Diwan, Alan Richards & John Waterbury, *A Political Economy of the Middle East* (Boulder: Westview Press, 2015), 234.

⁷ *Ibid.*, 235.

subsidies and taxation policies were introduced to address the inadequate distribution of wealth.⁸ Egypt would follow this path of development from 1957 until 1974, with the Socialist Decrees of 1961 reinforcing the state's socialist aims when the entire banking, insurance and foreign trade sectors were put under state control. At first, this strategy showed promising growth rates, averaging 6 per cent per annum, and provided 1 million new jobs under the First Five-Year Plan (1960-1965). In 1965, however, it ended in crisis.⁹

In the end, few state-owned enterprises were profitable and although they provided many with secure jobs they pressed heavily on the government budget. Moreover, as everything was sold domestically or exchanged with the Communist Block, no foreign reserves were generated. This was all the more problematic because many raw materials and capital investments needed to sustain these enterprises had to be imported. Following the Six Day War and the severe economic recession that followed, Nasser's death in 1970, the Yom Kippur war in 1973 and the subsequent oil price hikes, the Egyptian government, now headed by Anwar Sadat, decided to move away from the "socialist transformation" and pursue a more hybrid model of development.¹⁰

Countries like Morocco and Tunisia had followed a different model, namely one in which the state facilitated the transformation of the economy by providing (rail)roads, ports and electrical power as well as raw and semi-manufactured products, cheap credit, and protective legislation to stimulate domestic production and the emergence of an internal private sector.¹¹ This model was embraced by

⁸ Vincent Durac & Francesco Cavatorta, *Politics and Governance in the Middle East* (New York: Palgrave Macmillan, 2015), 60-61.

⁹ Cammett et al., *A Political Economy of the Middle East*, 240-242; Cavatorta & Merone, *Politics and Governance in the Middle East*, 92-93.

¹⁰ Cammett et al., *A Political Economy of the Middle East*, 241-242. The 'hybrid model of development' refers to Sadat's decision to pursue a policy of economic liberalization, aimed at reforming the public sector and stimulating the private sector, attracting foreign investments and promoting exports, while the state was still in charge of much of the economy and continued to execute a planning economy.

¹¹ *Ibid.*, 235.

Morocco following independence and by Tunisia from 1969 onwards, after having briefly embraced the socialist model from 1964-1969, as well as Egypt following the crisis of 1973-1974.¹²

Although Morocco never flirted with socialism, the state did play a significant role in the economy and especially King Hassan II had a major personal stake in many of the country's core businesses.¹³ He was the majority shareholder in the *Omnium Nord Africain* company, which owned shares in fifty of Morocco's most notable private businesses.¹⁴ As far as this dominant role of the monarchy in the economy is concerned, the rule of Mohammed VI, the country's king since 1999, has proven no different.¹⁵

Morocco has always been an economically liberal and pro-private sector country. The state took control of assets such as mines, railroads, dams, sugar refineries, and used the proceeds of these assets, as well as its considerable phosphate revenues—Morocco is the world's largest exporter of phosphates—to expand (its grip on) the public sector and ended up employing well over half a million people, amounting to at least one-quarter of the non-agricultural workforce in the country. However, from the late 1970s onwards, phosphate prices fell and Morocco's costly war in Western Sahara began to press heavily on the government budget, pushing it to large deficits and a soaring external debt of \$10 billion. The state had no choice but to curb public expenditures and stimulate the private sector as well as attract foreign investment.¹⁶

Immediately after independence in 1956, president Habib Bourguiba of Tunisia sought to maintain the liberal economy of the French Protectorate era, but complement it with a redistribution of wealth. Instead of expropriating European possessions, the state distributed land vacated by

¹² This occurred in the case of the latter two due to the perceived failure of Arab Socialism following the 1967 and 1973 wars with Israel, the end of the Bretton-Woods era of fixed exchange rates and the oil price hikes of the mid-1970s as a result of which countries were required to obtain foreign reserves—predominantly US dollars, the only currency with which one can purchase oil in international oil markets—to pay for their oil imports. The massive increase in these countries' indebtedness over the course of the 1970s is a direct result of their inability to do so, after which they were forced to turn to international financial institutions for loans.

¹³ James Sater, *Morocco: Challenges To Tradition and Modernity* (New York: Routledge, 2010), 9-10.

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Cammett et al., *A Political Economy of the Middle East*, 252-255.

Europeans who left the country after independence.¹⁷ As the needs of the population became increasingly more pressing, Bourguiba decided that the state should take a more active role and began the development of ‘Neo-Destour Socialism’, under which the public, private and cooperate sectors were to “coexist”. Following the decision to forsake the socialist model in 1969, the Tunisian government sought to firmly support the private sector, adopting a strategy of export promotion to the neighboring European Economic Community. Nevertheless, the state would maintain a dominant role in the economy until Ben Ali took over from Bourguiba in 1987.¹⁸

The period of state-led growth has led to significant growth rates, and has provided relatively well paid jobs with generous social benefits for workers. Moreover, the emphasis on education, equity, and the general well-being of the population has led to a relatively well-educated population, a health sector that was much better than before independence, and the provision of many basic goods and foodstuffs at subsidized prices. However, the overall effect of state-led activities was negative. Many of the public enterprises established did not generate profits and demanded valuable resources, many of which were lacking and had to be imported. Moreover, the dominant role of the state in fostering development, mostly in Egypt, but also to a large extent in Tunisia and Morocco, prevented strong private sectors from emerging. From the late 1970s onwards, when economic liberalization occurred under the guise of international financial institutions (IFIs), many of the prerequisites for economic liberalization were lacking and the void left by the state was not filled by the middle class, as ought to have been, but by cronies of the regimes in place.¹⁹

When the regimes in the three countries realized that they needed to find a way to revive the economic growth process while at the same time maintaining their grip on society, they turned to the upper echelons of the security services and the army as well as certain people close to the ruling

¹⁷ Kenneth Perkins, *A History of Modern Tunisia* (Cambridge: Cambridge University Press, 2014), 145-147.

¹⁸ Cammett et al. *A Political Economy of the Middle East*, 248-249.

¹⁹ *Ibid.*, 258; Achcar, *The People Want*, 63.

families.²⁰ In the transition to economic liberalization and privatization, vast assets were transferred from the state to newly established business elites at artificially low prices.²¹ This ‘liberalization’ further eroded the legitimacy of these regimes, which until then had at least subsidized basic foodstuffs and other basic necessities and had provided many with secure jobs.

Collapse

The 1970s also saw the accumulation of vast national debts in the three countries as a result of a series of economic setbacks (crises of 1967 and 1973, disappointing performance by state-owned enterprises, high defense expenditures), but was mostly due to the sudden increase in oil prices in 1973-1974.²² The increase in the price of this vital commodity meant that many developing countries suddenly saw their import bills increase and found themselves in acute liquidity problems. Liquidity was supplied primarily through loans by oil exporting countries to oil-starved countries, a phenomenon known as petrodollar recycling.²³ However, this meant that the net amount of borrowing for countries like Morocco, Tunisia and Egypt rose from close to zero during the 1960s to around 7 per cent of GDP per year during the 1970s.²⁴ It did not last long before countries experienced debt repayment problems and had to turn to the International Monetary Fund (IMF) for emergency loans. Egypt received its first IMF loan in 1976, Morocco in 1983, followed by Tunisia in 1986.²⁵

The IMF demanded that the countries drastically liberalize their economies. This included cutting subsidies on basic foodstuffs and other heavily subsidized products, cutting public sector

²⁰ Durac & Cavatorta, *Politics and Governance in the Middle East*, 91.

²¹ Achcar, *The People Want*, 63.

²² Cammett et al., *A Political Economy of the Middle East*, 258-264.

²³ Ibid., Abdallah Saeed, *Islamic Banking and Interest: A Study of the Prohibition of Riba and its Contemporary Interpretation* (Leiden: Brill, 1996), 11.

²⁴ Cammett et al. *A Political Economy of the Middle East*, 264.

²⁵ Durac & Cavatorta, *Politics and Governance in the Middle East*, 62-93; Jane Harrigan, Chengang Wang & Hamed el-Said, “The Economic and Political Determinants of IMF and World Bank Lending in the Middle East and North Africa,” *World Development* 34 (2006): 255.

expenditures, privatizing public enterprises, devaluing the currency and reducing tariffs.²⁶ These policies were implemented to varying degrees; the rise of crony capitalism meant that powerful interests were preventing the regimes from implementing reforms too drastically. In Egypt, Sadat and his successor Mubarak were well aware of the repercussions price increases and massive layoffs of public sector employees would have for the survival of the unpopular regime. Rather than implementing structural adjustments completely, Mubarak therefore struck a delicate balance between sufficiently adjusting in line with IMF demands, but not enough to further alienate the people.²⁷ The Tunisian government under the control of Ben Ali chose to implement reforms step by step instead of all at once, but ended up closely cooperating with the IMF and lived up to its commitments.²⁸ Although hampered by the personal stake of the king and prominent members of the *makhzen* (the Moroccan state elite), Morocco systematically implemented a wide range of economic reforms. The country's regime had been tested in 1965 and in 1982, when food price rises had provoked violent protests and strikes in many urban areas. This happened again after securing a new IMF loan, but rigorous implementation of the reforms resulted in the country being heralded as a textbook case of successful economic reform.²⁹

Neoliberalism

The 1990s marked a further consolidation of the neoliberal model after the fall of communism had become a fact and saw the emergence of the 'Washington Consensus', a term coined by economist John Williamson, as the basis for future development assistance. Apart from stringent additional demands on the part of the IFIs, the latter increasingly saw to it that the reforms were in fact implemented and that the 'mistakes' of the previous two decades were not repeated. To secure this, the IMF would provide funds in "slices", each being provided after a number of steps in the right

²⁶ Bradford Dillman, "International markets and partial economic reforms in North Africa: what happened to democratization," *Democratization* 9 (2002): 69-71.

²⁷ Cammett et al., *A Political Economy of the Middle East*, 267-269.

²⁸ Ibid.

²⁹ Ibid., 302.

direction had been demonstrably taken.³⁰ On the eve of the Arab uprisings, therefore, the regimes of all three countries had adopted an economic system in which most production takes place in the private sector and had implemented all-encompassing neoliberal policies in line with the ‘Washington Consensus’.³¹

Neoliberal economics was developed at the University of Chicago from the 1950s through 1970s.³² As the shortcomings of Keynesian economics became increasingly apparent during the 1970s—resulting in soaring inflation rates, high unemployment levels and falling growth rates—some economists argued that this was due to continuous government intervention and that it was imperative for the latter to stop. Although the post-war period (1945-1970) saw very high rates of growth, the stagnation of the mid-1970s—which to a large extent was the result of the peculiar situation caused by the oil crisis of 1973-1974 and the ensuing inflation and economic crisis that erupted as a result—provided the rationale for the liberalization of markets and a retreat of the state in matters of economics. With the rise of Margaret Thatcher and Ronald Reagan on the political scene, the stage was set for extensive deregulation and privatization.³³

Neoliberal economic theory places total and complete confidence in the efficiency of markets in optimally allocating factors of production on the basis of their respective supply and demand in an economy.³⁴ Markets are inherently optimizing in this regard and all government intervention will therefore work against the interests of society.³⁵ Each ‘rational’ individual consumer consumes on

³⁰ Ibid., 273-275.

³¹ Ibid. See John Williamson, ed., *Latin American Adjustment: How Much Has Happened?* (Washington, DC: Institute for International Economics, 1990); John Williamson, “Democracy and the ‘Washington Consensus’,” *World Development* 21 (1993) for an overview of what comprised the Washington Consensus.

³² Key figures in the ‘Chicago School’ include Milton Friedman, George Stigler, Ronald Coase, and Gary Becker, all of whom have been awarded the Nobel Prize in economics at some point during their careers. Thomas Palley, “From Keynesianism to Neoliberalism: Shifting paradigms in Economics,” in Alfredo Saad-Filho & Deborah Johnston, eds., *Neoliberalism: A Critical Reader* (London: Pluto Press, 2005), 29.

³³ Palley, “From Keynesianism to Neoliberalism,” 20-29.

³⁴ Shampa Roy-Mukherjee, “Connecting the Dots: The Washington Consensus and the ‘Arab Spring’,” *Journal of Balkan and Near East Studies* 17 (2015): 144.

³⁵ Palley, “From Keynesianism to Neoliberalism,” 27. In practice, however, the state is actually quite involved in economic affairs raised under the banner of neoliberalism. For instance, the market conditions that the World Trade Organization—the international trade regime—wishes to enforce have been negotiated by the powerful states of the world

the basis of his or her individual preferences,³⁶ which means that producers will supply that which is demanded. Given that society consists of the aggregate of these individual consumers and producers, an economic system solely based on supply and demand therefore automatically secures the most efficient allocation of capital and labor.

Factors of production—capital and labor—are paid according to what they are worth, meaning according to their relative supply and demand. When capital is relatively scarce, but demand is high, the ‘price’ paid for capital, the interest rate, will be high and vice versa. There is therefore no need for government policies targeting the interest rate, because this will automatically be accomplished through the supply and demand mechanism. The same is true for labor. The relative abundance of and demand for labor as well as its productivity will determine its price, employees’ wages, and there is no need for minimum or maximum wages set by the government. When labor demand is high, wages will automatically rise, as will be the case when workers’ productivity increases (usually by technological innovation or through education/experience). Given the emphasis of Keynesian economics on fighting unemployment, neoliberal theory suggests that although free markets will not let valuable factors of production be unused, unemployment is only a ‘natural’ consequence of the state of the market (in times of recession unemployment is the optimum reaction to the state of the economy and as such good) and should not be interfered with.³⁷

and hence required state interference. Likewise, the European Union and United States have adopted many protectionist policies to protect domestic markets against foreign products, while at the same time providing billions in taxpayer money to private businesses in export subsidies. See the following chapters in Saad-Filho & Johnston’s *Neoliberalism*; Ronaldo Munck, “Neoliberalism and Politics, and the Politics of Neoliberalism,” 62 and Henry Veltmeyer & James Petras, “Foreign Aid, Neoliberalism and US Imperialism,” 132.

³⁶ Such a consumer goes by the name ‘homo economicus’.

³⁷ For an overview of how neoliberalism would work in theory see Saad-Filho & Johnston, *Neoliberalism*, 9-79 and 185-258; José Antonio Ocampo & Joseph Stiglitz, *Capital Market Liberalization and Development* (Oxford: Oxford University Press, 2008). See Ray Bush, *Poverty and Neoliberalism: Persistence and Reproduction in the Global South* (London: Pluto Press, 2007); Laura Guazzone & Daniella Pioppi, eds., *The Arab State and Neo-liberal Globalization: The Restructuring of State Power in the Middle East* (Reading: Ithaca Press, 2009); Adam Hanieh, *Lineages of Revolt: Issues of Contemporary Capitalism in the Middle East* (Chicago: Haymarket Books, 2013); Evelyn Huber & Fred Solt, “Successes and Failures of Neoliberalism,” *Latin American Research Review* 39 (2004) for an overview and some criticism of how the structural adjustment programs of the Washington Consensus have worked out in practice for some developing countries on which they were imposed.

In terms of equity or the (re)distribution of income in society, neoliberal theory asserts that wealth generated at the top will automatically ‘trickle down’ to those below. This implies that economic growth benefits all (though not equally) and that everyone gets his or her share from the prosperity gained through economic privatization and liberalization.³⁸ It is important to mention that the theory assumes an equal playing field for all actors in society; both white and blue collar workers are assumed to have equal access to (human) capital, do not suffer from differences in social background or class, and do not experience barriers to enter and participate in markets. Evidently, this is not the reality of the situation.

Given that all government intervention will inevitably lead to a sub-optimum in the economy, monetary and fiscal policy measures ought to be prevented. Monetary policy, the policy mechanism employed by a country’s central bank to reach its objectives—price stability, the setting of interest rates, inflation targeting, and economic growth—should be left to the market. The lowering of interest rates by the Central Bank will only lead to inflation as it is lower than market forces demand and as such increases borrowing and spending for a fixed number of goods which leads to inflation. Increasing interest rates means more money will be taken from the economy and stored at bank accounts, reducing demand and increasing the costs of investment, which causes the economy to contract. Fiscal policy will have a similar effect.³⁹

Then there is neoliberalism’s desire to deregulate, meaning less government regulation in matters related to the economy. The idea is that the less bureaucracy and ‘red tape’ there is in a country the smoother the economic process can occur, the more growth will take place and the more society as a whole (usually measured in Gross Domestic Product per capita) will benefit. Economic efficiency,

³⁸ See Philippe Aghion & Patrick Bolton, “A Theory of Trickle-Down Growth and Development,” *The Review of Economic Studies* 64 (1997) for an explanation behind the trickle-down theory and H.W. Arndt, “The ‘Trickle-down’ Myth,” *Economic Development and Cultural Change* 32 (1983) for a theoretical inquiry into the fallacies of trickle-down economics. See Era Dabla-Norris et al., *Causes and Consequences of Income Inequality: A Global Perspective* (Washington, DC: International Monetary Fund, 2015) for an empirical analysis in which it is argued that an increase in income at the top does not trickle down whereas income generated at the bottom does trickle up.

³⁹ Palley, “From Keynesianism to Neoliberalism,” 20-29.

another sacred cow of neoliberal philosophy, will only really be achieved when the government deregulates and privatizes all assets in an economy and supply and demand for goods and services can reach its full potential.⁴⁰

⁴⁰ Ibid.

CHAPTER TWO

The emergence of Islamism and Islamic Economic Thought

The previous chapter describes the experiences of Egypt, Morocco and Tunisia with different models of economic development and the limited successes they have yielded. As these experiments proceeded and as dissatisfaction with the political status quo increased, a new ‘solution’ was presented for the problems—all problems—the region found itself in. Islamism was hailed as a solution and on the eve of the Arab Uprisings had a significant following among many in the Arab World. In this chapter, I will analyze the history of Islamism and investigate the theoretical solutions it offers to the predicaments experienced by the Muslim World, especially as far as the realm of economics is concerned.

Islamic Movements

As imperialism turned into occupation and colonial rule at the end of the nineteenth century, the call for a—sometimes violent—rejection of European domination began to gain voice. In Egypt, people like Muhammad Abduh (1849-1905) and his disciple Rashid Rida (1865-1935), called for a return to the period of the earliest generations of Muslims when people were most pious and when the Muslim world was thriving and was moreover the center of science and innovation in the world.⁴¹ A current known as ‘Salafism’ emerged and as the early twentieth century progressed, with notable events such as the abolition of the Ottoman caliphate in 1924 and the consolidation of the al Sa‘ud family in what would become Saudi Arabia, Salafism gained in prominence in the region.⁴²

In the decades that followed, Salafism began to take root in the *madrasas* (religious educational centers) at Qarawiyyin and Zaytuna—Morocco and Tunisia’s most prestigious and influential centers

⁴¹ Driss Bouyahya, *Islam-Oriented Parties’ Ideologies* (Cambridge: Cambridge Scholars Publishing, 2015), 74.

⁴² Salafism refers to the *salaf*, or the companions of Prophet Muhammad and the two generations of Muslims to have lived after them, who in the eyes of many Muslims are regarded as the most pious group of people in Islamic history and whose writings and interpretations are to be respected and adhered to as much as possible. For more on Salafism and its history, see Roel Meijer, *Global Salafism: Islam’s new religious movement* (London: Hurst & Co., 2009); Francesco Cavatorta & Fabio Merone, ed., *Salafism after the Arab awakening: contending with people’s power* (London: Hurst & Co., 2016); Henri Lauzière, *The Making of Salafism: Islamic Reform in the Twentieth Century* (New York: Columbia University Press, 2016).

of Islamic studies—but also in modern schools set up by the French Protectorate and Egyptian journals, most notably the writings of Abduh and Rida, were disseminated among students.⁴³ In North Africa, as in other areas under colonial rule, the ideas of Salafism were intimately connected to the quest for national liberation and were a reaction to colonial, cultural, social and political influences from abroad.⁴⁴

In Egypt, Hassan al-Banna (1906-1949) founded the Society of the Muslim Brothers in 1928. According to al-Banna, who was heavily influenced by Rashid Rida's periodical *al-Manar*, the problems of foreign economic, political and military domination were the result of Western secular values and practices. The solution to the problems facing the country was to set itself free from foreign control, which would only be possible by a return to Islam, through a system that he referred to as *din wa dawla* (religion and state). Secularism was to be rejected and Islam would guide people's everyday life, as well as constitute a political system that would govern on the basis of principles inherently opposed to those of the secular West.⁴⁵

After World War II, however, Egypt and many other Arab states would turn to Arab nationalism under the leadership of Gamal Abd al-Nasser, under whose rule Islamist currents such as the Muslim Brotherhood were brutally repressed, with many of its members being imprisoned, tortured, or even executed. Arab nationalism thrived under Nasser, not in the least due to its resistance to Western powers and its stance against Israel. After the crushing defeat of the Arab armies during the Six Day War in 1967, Arab nationalism lost its appeal as a source of pride for traditional Muslims and secular Arabs alike and especially the former began to look for other ideologies that related to their sense of demise and marginalization. During the reign of Anwar Sadat, Islamist student associations began to distribute inexpensive booklets and pamphlets containing the ideas of

⁴³ Zeghal, *Islamism in Morocco: Religion, Authoritarianism, and Electoral Politics* (Princeton: Markus Wiener Publishers, 2008), 19.

⁴⁴ Ibid., 22, Bouyahya, *Islam-Oriented Parties' Ideologies*, 1.

⁴⁵ Carrie Rosefsky Wickham, *The Muslim Brotherhood: Evolution of an Islamist Movement* (Princeton: Princeton University Press, 2013), 22-23.

prominent Islamists among university campuses and Islamic book fairs. As the popularity of leftist student groups and Arab nationalism in general declined after the 1967 and 1973 wars, the Islamists gained the support of economically marginalized and socially conservative students by addressing their real life needs and providing an alternative solution.⁴⁶

Moreover, as the region's shift to economic liberalization and far-reaching neoliberal reforms began to be felt in society an increasing number of people suffered economic deprivation and marginalization.⁴⁷ Islamist groups had always been very active in the provision of social services to the needy and poor and with the ever decreasing subsidies for primary needs and less public funds for employment in the public sector, increasingly many people were becoming dependent on Islamist groups for their basic needs.⁴⁸ An underground network of service provision began to develop, headed by organizations such as the MB, which resulted in growing support for such organizations and their ideology. The Brotherhood has always seen itself primarily as a society of preachers spreading a message of Islam and Islamization (*da'wa*). It was therefore only natural that large segments of the population—initially predominantly the middle classes, but later also the working classes—became influenced by their teachings.⁴⁹

Another major event that likewise occurred directly after the Yom Kippur war of 1973 was a dramatic increase of crude oil prices. As oil revenues skyrocketed, countries like Saudi Arabia and Kuwait began to export their fundamentalist interpretation of Islam throughout the Muslim world.⁵⁰

Grants were given to students wishing to study in the Gulf, who after having been exposed to Wahabbism would return to their countries of origin where they would often find employment as

⁴⁶ Ibid., 27-36.

⁴⁷ Ray Bush, "Food Riots: Poverty, Power and Protest," *Journal of Agrarian Change* 1 (2007): 5-8.

⁴⁸ It is often thought that the vast majority of the assistance provided by Islamist groups goes to the most underprivileged groups. However, as Janine Clark argues in her research into social welfare by Islamic social institutions, in reality it is not the poor that benefit most from aid given by Islamists but rather the middle classes and that as such the middle classes have become the backbone of the Islamist movement. See Janine Clark, *Islam, Charity and Activism: Middle-Class Networks and Social Welfare in Egypt, Jordan, and Yemen* (Bloomington: Indiana University Press, 2004).

⁴⁹ Ibid; Wickham, *The Muslim Brotherhood*, 95.

⁵⁰ Zeghal, *Islamism in Morocco*, 238; Olivier Roy, *The Failure of Political Islam* (Cambridge, MA: Harvard University press, 1994), 108.

clerics. At the same time, a growing corpus of Neo-Salafist literature was being produced and distributed to all corners of the globe. In recent years, with the technological progress of the last two decades, this message has been distributed to an even broader audience through satellite television channels and via the internet.⁵¹

The overall effect of this development has been increased exposure by laymen in the Muslim world to ideas that are Islamist in nature and which have resonated with many men, women and children in the region. These people, often extremely disappointed with the political system in their countries, were convinced that the only feasible solution to the malaise the Muslims find themselves in is to return to—a rather strict interpretation of—Islam.⁵²

Islamic economics

These developments have had an influence on the way the phenomenon of the economy was perceived. After all, when one contends that Islam is a “comprehensive system”⁵³ governing all aspects of society, it also covers the realm of economics. From the 1970s onwards, the idea of Islamic economics has been given prominence in Islamist doctrine. With the ascent of Islamist thought as a reaction to (economic) imperialism, an economic system in line with the perceived teachings of Islam on this topic was developed which would provide a solid formula for economic development and poverty alleviation.

Abul A‘la Maudoodi (1903-1979), the famous Indo-Pakistani Islamist, discussed the concept of Islamic economics as being a system in which a balance would be struck between the harshness of capitalism and the distributive justice of socialism.⁵⁴ The current secular economic system of the

⁵¹ Zeghal, *Islamism in Morocco*, 236-238; Wickham, *The Muslim Brotherhood*, 144; Bouyahya, *Islam-Oriented Parties’ Ideologies*, 49.

⁵² Ibid.

⁵³ Wickham, *The Muslim Brotherhood*, 23.

⁵⁴ Maudoodi began to develop his theory of Islamic Economics from the early 1940s onwards, when, influenced by the Cold War, the world was increasingly becoming divided between the capitalist and communist camps. The same goes for Sayyid Qutb and Muhammad Baqir al-Sadr, two other early pioneers of Islamic economics, who wrote several treatises on the topic during the 1950s and 1960s. These authors were looking for an (Islamic) alternative that would

West was ‘Satanic’⁵⁵ and communism was only marginally less so.⁵⁶ The Islamic solution, he argued, perceives the economic problem of man in simple terms: how should economic *distribution* be arranged so that everyone has access to the basic necessities of life?⁵⁷ God’s earth is rich and can provide for everyone, but some men have usurped the wealth of the earth and as they consolidated their power have turned to conspicuous consumption, which benefit only a few, but in the process squander a good deal of raw material and human labor at the expense of the majority of the population.⁵⁸ The real problem of the current economic system occurs when man demands more than he needs and starts to live beyond the limits of moderation set to him by God.⁵⁹ The economic system Maudoodi envisaged, therefore, saw to it that man’s real needs and requirements are met and that conspicuous consumption and moral degradation (which is the cause of the former) are removed from the hearts of men.⁶⁰ Without these evils, and with the “Islamic laws of trade and industry” in their place, it becomes virtually impossible for someone to obtain vast sums of wealth.⁶¹ These laws would ensure that all things *haram* or unlawful were outlawed, which would result in an economy where gambling, speculation, business based on fraud and deceit, holding back the necessities of life with the object of raising prices (hoarding), and monopolies on the

combine the best of both ideologies, while emphasizing Islamic values and Scriptural teachings. The text by Maudoodi that I refer to in this thesis has been called “one of the founding documents of Islamic Economics”. Valy Reza Nasr, *Mawdudi and the Making of Islamic Revivalism* (Oxford: Oxford University Press, 1996), 103-106; Timur Kuran, *Islam and Mammon: The Economic Predicaments of Islamism* (Princeton: Princeton University Press, 2004), 84-86. Furthermore, Kuran calls the work of Qutb and al-Sadr “seminal contributions to Islamic economics”, which is why I refer to the work of these three scholars to illustrate its guiding principles. Kuran, *Islam and Mammon*, 2.

⁵⁵ Ironically, a recent study found that out of a total of 208 countries, the teachings of the Qur’ān are best represented in Ireland and Denmark. An index of ‘Economic Islamicity’, measuring how closely a country’s economic policies reflect Islamic economic teachings, is again topped by these two countries. Damien McElroy, “Ireland ‘leads the world in Islamic values and Muslim states lag’,” *The Telegraph*, 10 June, 2014, accessed 2 July, 2017, <http://www.telegraph.co.uk/news/worldnews/europe/ireland/10888707/Ireland-leads-the-world-in-Islamic-values-as-Muslim-states-lag.html>.

⁵⁶ Maudoodi, *Economic Problem of man and its Islamic Solution* (Lahore: Maktaba Jama‘at-e-Islami Pakistan Publications, 1955), 35, 37-44; Nasr, *Mawdudi*, 105-106.

⁵⁷ Maudoodi, *Economic Problem of man*, 12. It is by now a well-established fact that the causes of poverty in today’s world are not due to insufficient production, but to issues related to distribution. See Amartya Sen, *Inequality Reexamined* (Cambridge, MA: Harvard University Press, 1995); Amartya Sen, *Development as Freedom* (New York: Anchor Books, 2000).

⁵⁸ Maudoodi, *Economic Problem of man*, 24-25.

⁵⁹ Ibid., 19.

⁶⁰ Ibid., 47-49.

⁶¹ Ibid., 49.

means of production by a select group of people, would not be present.⁶² Likewise, and quite fundamental in the Islamic economic philosophy, it would ban interest.⁶³ The Islamic system would naturally manifest itself as the most useful, correct, and *rational* method for the welfare of humanity, by banning these evils and by redirecting resources otherwise used for conspicuous consumption to productive use for the benefit of everyone.⁶⁴

A second Islamist thinker engaging with the topic of social justice in Islam was the Egyptian Sayyid Qutb (1906-1966). Like Maudoodi, he emphasized that Islam forbids “unbridled luxury in possessions and desires, which produces social division and classes”⁶⁵, which in turn can only be overcome by focusing on Islam’s “supreme human aim,”⁶⁶ namely ensuring social justice, which brings absolute spiritual and economic freedom for all Muslims.⁶⁷ Full spiritual exaltation cannot be achieved when people have to beg for their most basic necessities and Islam’s religious law therefore aims to tackle the causes of such a state of being by ensuring that man has abundant access to his basic necessities. Private property is a good thing, but it must be redistributed among the people and not used as a means to plunder the people.⁶⁸ Likewise, its returns must be used to help those in need, which is why God instituted the giving of *zakat*. This form of almsgiving purifies the individual by washing away one’s sins, but also purifies capital; capital/property over which *zakat* has been paid is blessed by God and benefits the poor in a community, which is why Qutb labels it “the most essential part of economic theory in Islam”.⁶⁹ The exact opposite of *zakat* is *riba* or interest; it does not multiply with God and only harms the individual engaged in it, while at the same time seriously harming the community.

⁶² Ibid., 48-49.

⁶³ For Maudoodi’s contemplations on *riba* and its prohibition see Maudoodi, *Prohibition of Interest in Islam* (Lahore: Islamic Publications Limited, 1986).

⁶⁴ Ibid., 61.

⁶⁵ Sayyid Qutb, *Social Justice in Islam*, trans., John B. Hardie & Hamid Algar (Oneonta, NY: Islamic Publications International, 2000), 28.

⁶⁶ Ibid., 42.

⁶⁷ Ibid., 43.

⁶⁸ Ibid., 121-122.

⁶⁹ Ibid., 133.

However, complete social justice will not be achieved unless it arises from an inner conviction that by acting in accordance with the needs of society the individual is serving God and acting in accordance with God's commands and is moreover contributing to the elevation of society.⁷⁰ Only when society, being the aggregate of all individuals, thinks and *behaves* in accordance with this principle will absolute social justice be achieved and will no man suffer from any neglect.⁷¹ In reality, Qutb argued, society is diverging ever further from this ideal due to the ascent of secular virtues and values.

In this respect, there is one last prolific writer who deserves to be mentioned in this discussion on the topic of Islamic economics, namely the Iraqi ayatollah Muhammad Baqir al-Sadr (1935-1980). In his voluminous work *Iqtisadunā* (Our Economics), written in 1961, al-Sadr juxtaposes capitalism and socialism in order to arrive at a synthesis that is Islamic economics. Although less dismissive towards socialism than Maudoodi, he attempts to show that the Islamic economic view is the synthesis to the excesses of capitalism in its modern form and the completely state run socialist model, which he rejects for its complete lack of private property.⁷²

In accordance with Baqir al-Sadr, Qutb and Maudoodi unanimously agree that the right to private property is firmly established in Islam and trade between people is encouraged.⁷³ After all, Muhammad himself had been a merchant prior to his Prophethood. In fact, Islam attaches so much value to 'free markets' and no government intervention that no artificial pricing is allowed (no price ceilings or minimum wages) as this will only harm society.⁷⁴ However, the objective and mindset involved in free markets and the allocation of factors of production is perceived differently. Instead of placing monetary profits and efficiency as drivers of the economy, theorists of Islamic economics

⁷⁰ Ibid., 30.

⁷¹ Ibid., 35.

⁷² Muhammad Baqir al-Sadr, *Iqtisaduna* (Tehran: World Organization for Islamic Services, 1982). See T.M. Aziz, "An Islamic Perspective on Political Economy: The Views of (late) Muhammad Baqir al-Sadr," *Al-Tawhid Islamic Journal* 1 (1993) for a concise overview of al-Sadr's views.

⁷³ Qutb, *Social Justice in Islam*, 106; Maudoodi, *Economic Problem of man and its Islamic Solution*, 47.

⁷⁴ Qutb, *Social Justice in Islam*, 120; Chapra, *Islam and Economic Development*, 44, 67; Nejatullah Siddiqi, *The Role of the State in the Economy: an Islamic Perspective* (Leicester: The Islamic Foundation, 1996), 23, 30-31.

argue that “need fulfilment” should be the top priority. Moreover, Siddiqi argues that this objective should not be sacrificed for any other objective such as growth, which is the holy grail of secular economics to the extent that a gain in equity and justice is even worth some loss in efficiency.⁷⁵ The constitution of an Islamic state must contain a clause incorporating the principle of need fulfilment for every individual living within its territorial jurisdiction to make sure the government sees to it that the primary needs of all citizens are met and can be held responsible if it fails to deliver on this.⁷⁶

Apart from the strictly economic aspects of an Islamic economy, efforts were made to establish a financial system that would operate without having to resort to *ribā* (usually translated as interest), which is explicitly forbidden in the Quran and by the mid-1980s a “mature and comprehensive model of interest free banking” existed.⁷⁷ Islamic economic theorists envisaged that ‘Profit and Loss Sharing’ (PLS) was to be the core principle of Islamic banking.⁷⁸ In other words, both the client and the bank have to be exposed to the risk of the project failing. On this basis, two forms of *halal* financing were developed that would allow a borrower to obtain a loan in line with Islamic principles.

Specific forms of risk sharing

The first such contract, called *mudaraba*, is a contract between two parties where one party, the investor, provides money to a second party, the *mudarib* for the purpose of conducting trade. The *mudarib* provides his time and labor and manages the project according to the terms set out in the contract. The profit, if any, will be shared between the investor and the *mudarib* on a proportional basis agreed upon before signing the contract. If a loss were to occur, this should be borne by the

⁷⁵ Siddiqi, *The Role of the State in the Economy*, 3, 23.

⁷⁶ Ibid., 23.

⁷⁷ Saeed, *Islamic Banking and Interest*, 10.

⁷⁸ Ibid., 2.

investor alone.⁷⁹ The contract specifies all the details of the project and the sole role of the *mudarib* is therefore to uphold the terms provided in the contract.⁸⁰ The risk that both parties are exposed to justifies the profit-sharing. The investor risks losing a part or all of the capital invested while the *mudarib* risks spending his time and energy without receiving any compensation.⁸¹ *Mudaraba* constructions predominantly occur for the short term buying and selling of products for which the outcome is almost certain. The investor precisely determines how the borrower should sell the goods. This means that losses hardly ever occur.⁸²

In the second type PLS financing, called *musharaka*, both parties invest financially. The ratio does not have to be 50-50, but both the investor and the borrower must have a financial stake in the project. Just as in a *mudaraba*, profits are shared according to a predetermined ratio which does not have to correspond to the financial input of both sides. Losses, however, ought to be borne on the basis of capital input. In most instances, the bank would provide (most of) the money and the partner, apart from providing the remaining sum, would carry out the projects and offer his labor and skill. The *musharaka* is therefore an excellent way to bring together labor and capital for the production of socially beneficial goods and services and can be used for all projects with a profit seeking motive.⁸³ The details of the project are determined beforehand and are clearly specified in the contract.

In practice, however, Islamic banks have found that PLS is hampered by moral hazard and adverse selection problems and as such its usage is not as widespread as one may have hoped. This has led Islamic banks to work around strict PLS operations meaning that the way they finance products amounts to nothing less than risk-free or fixed income financing. Furthermore, although PLS financing may provide a solution to problems encountered by traders and entrepreneurs, this often

⁷⁹ Ibid., 51.

⁸⁰ Ibid., 74.

⁸¹ Ibid., 55.

⁸² Ibid., 59.

⁸³ Ibid., 60-62.

becomes more difficult when government loans to finance budget deficits or consumer loans are concerned.⁸⁴

This has given rise to the most widespread form of 'Islamic' finance, namely the *murabaha* contract, in which one party approaches a bank for a loan to purchase goods from a third party and agrees to repay the principle sum plus a markup, agreed upon before the sale is completed.⁸⁵ In other words, the bank knows what its profit is going to be beforehand and moreover it knows that this profit is a fixed sum of money (and not a ratio), irrespective of the success of the borrower's project. Hence, in a *murabaha* there is no profit and loss sharing and the bank gets a fixed rate of return on its 'investment'. Returns under such a construction are thus virtually the same as interest payments, where the latter is usually understood to be a compensation for the bank's service and the 'costs' associated with the time the bank does not have the money at its disposal. The question then becomes what the principle objection to fixed interest rates is when Islamic jurists, meaning contemporary *shari'a* scholars, have allowed *murabaha* as a means of financing.⁸⁶

Social Justice

Islamic economics' primary concern is to establish social justice and establish a moral economy and adherents of Islamic economics have emphasized redistribution in order to assure that the primary needs of Muslims are fulfilled. This can be achieved in a number of ways. *Zakat*, one of the five pillars of Islam, mandates that people who can afford to do so must spend a portion of their wealth in alms to the poor. The percentages differ depending on the type of wealth (land rent, income from labor, profit from trade etc.), but in most cases amounts to 2.5 per cent of one's wealth. If every Muslim would give this modest amount to be circulated among the poor this would drastically reduce poverty and would oversee the provision of basic necessities to those who need it.

⁸⁴ Ibid., 71-72.

⁸⁵ Ibid., 76-78.

⁸⁶ Ibid., 95.

Another channel through which social justice is to be achieved is to make sure that food and other necessities are not hoarded by producers or traders for speculative gains. When food is artificially made scarce through hoarding (by storing grain in a silo, rather than selling it on the market for instance) supply drops, which means that prices rise. Nowadays, in a global market place with massive speculation in commodity markets, setting prices artificially in this way can yield immense profits. The burden, however, always falls on the poorest who simply cannot afford to feed their families when this occurs. As we shall see later, one of the main causes of the uprisings of 2011 was an increase in food prices. Islamic economic theory therefore demands that food and other vital commodities should be freely available at market prices (i.e. without state intervention). Given that all that is on the earth and all that man harvests from the earth is a right bestowed upon man by God it should not be withheld from those who need it. The foremost concern of social justice in Islam is therefore, as Siddiqi formulates it, to guarantee “a minimum level of living” to every person within the territory of an Islamic state and to realize this distribution as well as production should aim to supply those goods and services that are the most beneficial to the population.⁸⁷

All this would result in the realization of the ‘moral economy’, namely a collection of markets where *riba* is prohibited, people behave honestly and honorably out of *taqwa*—fear of God and awareness of His presence—*zakat* is given to the needy and not financial profit but the general interest of all people in society—*maslaha*—is pursued as instructed by divine decree. The fundamental objective of this ‘moral economy’ is to reinsert a strong sense of ethics into economic transactions and to ensure that people conduct business in harmony with God’s instructions and to the benefit of all in society.⁸⁸

⁸⁷ Siddiqi, *The Role of the State in the Economy*, 5-35.

⁸⁸ Charles Tripp, *Islam and the Moral Economy: The Challenge of Capitalism* (Cambridge: Cambridge University Press, 2006), 92-97.

Critique

Islamic economics has also received a fair amount of criticism, most notably from the Turkish American academic Timur Kuran. He has argued that approaching economics and economic transactions through an Islamic scope is an anachronistic phenomenon; never in the 1400 years of Islam's existence have Muslim scholars perceived economics as a phenomenon that is to be studied primarily in religious terms. Nevertheless, a whole field of study has been devoted to it in an attempt to differentiate Islamic economics from mainstream economics. Kuran argues that this mindset originates in late-colonial India—the era in which Maudoodi wrote his treatises—and served as an instrument of identity creation against colonial rule rather than some sort of Islamic economic revivalism.⁸⁹ Kuran has also illustrated that when collected by governments, *zakat*, where much of Islamic economic theory focuses on, rather than serving as a means for the redistribution of wealth, often results in the poor becoming poorer—with *zakat* collectors distributing it among their kin and clients.⁹⁰ In a similar vein, Charles Tripp has argued that the notion of social justice is a concept that has “little or no precedent in the traditions of Islamic thought” and was in a sense invented by the writings of Qutb and Maudoodi.⁹¹ However, emphasis on the general interest of society (*maslaha*) has indeed been a constant theme throughout Islamic history.⁹²

Olivier Roy argues that the Islamic economy exclusively concerns the banking sector and that it seems quite uninterested in developing a genuinely Islamic system of production.⁹³ Likewise, he argues that it is a system lacking socioeconomic analysis in that it does not bother to identify the causes of inflation in the Muslim world, what drives economic agents and other processes that are at the basis of modern economic analysis.⁹⁴ Although this has somewhat improved over the past two decades, Islamic economic theory stills fails to fully grasp the essence of the dynamics involved in

⁸⁹ Kuran, *Islam and Mammon*, 82.

⁹⁰ *Ibid.*, 19-27.

⁹¹ Tripp, *Islam and the Moral Economy*, 69.

⁹² *Ibid.*, 68-74.

⁹³ Roy, *The Failure of Political Islam*, 140.

⁹⁴ *Ibid.*, 145.

contemporary (international) economics and economic analysis and appears to limit itself to pictures and small talk concerning what ought to be, according to the supposed ideal derived from the Qur'ān and sunna. However, an analysis of and much less so solutions to the very real economic problems facing the Muslim world, and the developing world at large, are not provided.

Regarding Islamic finance, Khan argues that the vast majority of Islamic financial contracts—over 90%—are of the non-PLS type and hence do not satisfy the conditions envisaged by Islamic banking theorists; it is simply conventional finance disguised in Islamic terminology.⁹⁵

Finally, and extremely relevant for the following two chapters, as far as the traditional emphasis on avoiding conspicuous consumption is concerned, some contemporary Islamic preachers—such as Amr Khaled in Egypt—propagate that a type of neoliberal Islam, one in which hard work is complemented with charity, is in fact dedication to God and that a consumption driven lifestyle does not diminish one's piety. Rather than act as an alternative to neoliberal development, this interpretation of Islam acts as a legitimization of excessive consumption as long as it is sustained by Islamic values.⁹⁶ This attitude also resembles the 'Turkish Model' developed and implemented by the Justice and Development Party (AKP) in Turkey over the course of the past decade and a half.⁹⁷

⁹⁵ Khan argues that for some large Islamic banks as well as for some Pakistani Islamic banks the percentages of non-PLS contracts can reach well over 90% (98.8% (Bank Islam Malaysia), 99% (Al-Baraka Islamic Bank) and even 99.7% (Al-Rajhi Bank)) and moreover that the discrepancy between PLS and non-PLS is increasing. Feisal Khan, "How 'Islamic' is Islamic Banking?" *Journal of Economic Behavior & Organization* 76 (2010): 811-813. The same is argued by Kuran. Timur Kuran, "The economic impact of Islamic fundamentalism." in Marty, M.E., Appleby, R.S. (Eds.), *Fundamentalisms and the State: Remaking Politics, Economies, and Militance*. (Chicago: University of Chicago Press, 1993), 311.

⁹⁶ Mona Atia, "A Way to Paradise: Pious Neoliberalism, Islam, and Faith Based Development," *Annals of the Association of American Geographers* 102 (2012).

⁹⁷ See Chapter 3 in Cihan Tuğal, *The Fall of the Turkish Model: How the Arab Uprisings Brought Down Islamic Liberalism*, (London: Verso, 2016).

CHAPTER THREE

The MB, Ennahda and PJD before coming to power

The historical trajectory of the parties under study in this thesis has differed significantly. In this chapter I will provide a very brief overview of the respective parties, followed by a descriptive overview of their economic ideas, primarily on the basis of electoral programs presented before the parliamentary elections of 2011-2012.

Historical trajectory of the parties

Muslim Brotherhood

The Muslim Brotherhood was founded in 1928 by a schoolteacher named Hasan al-Banna. Marginalized and brutally repressed for decades, the movement delicately balanced between remaining a clandestine organization that was mostly operating under the radar while coming to terms with the political game in which democracy and a more moderate attitude towards much of what it considered ‘godlessness’ in Egyptian politics seemed inevitable. Although suspicion has remained concerning the exact agenda of this perceived moderation, especially regarding its more conservative elements who from 2007 onwards took over the Guidance Bureau, the organization’s Politburo, the party began to participate in elections—with some success—and openly dismissed the desire to turn Egypt into an Islamic state.⁹⁸

On the eve of the uprisings, the Brotherhood was by far the most well-organized opposition movement in Egypt.⁹⁹ It is therefore all the more surprising that when demonstrations broke out on January 25, 2011, they were the notable absentees. Youths affiliated with the Brotherhood asked the organization’s senior leadership for permission to participate in the protests, but the latter refused to do so. It was not until the youths declared that they would participate either way and the scope and

⁹⁸ After the fall of the Mubarak regime, however, senior Brotherhood members have again advocated the implementation of *shari’a* law. Wickham, *The Muslim Brotherhood*, 187.

⁹⁹ Wickham, *The Muslim Brotherhood*, 114-115.

apparent success of the protests became obvious that the Brotherhood decided to join on 28 January and saved the revolution.¹⁰⁰

The Freedom and Justice Party (FJP) was established in May 2011, meaning that the Brotherhood could legally participate in elections as a party, rather than have its candidates run as independents as had been the case under Mubarak. However, the party was closely tied to the Brotherhood and the latter continued to have a strong influence on its ideological course. This is a remarkable difference compared to the PJD and Ennahda, which operated as fully independent parties by the time they came to power in 2011.

Ennahda

In 1981, the Mouvement de la Tendance Islamique (MTI) was formed and in 1989, after it had become Tunisia's largest Islamist group, changed its name to Ennahda.¹⁰¹ Relentlessly repressed for decades, the party came to the fore after the overthrow of president Ben Ali. The movement's co-founder and president, Rachid Ghannouchi, had spent much of the latter's presidency in exile in London and had over time moderated his views, especially after the disastrous events that shook Algeria during the 1990s. In exile, he had fully embraced democratic values and clearly expressed the need for a civil state in Tunisia.¹⁰² Ennahda can be seen as a typical example of a party that has moderated through exclusion; repression of the party and the subsequent exile of its leadership has caused the party to moderate its stances on many issues, resulting in Ennahda being seen as the most moderate and most pragmatic of the Islamist parties in the region.¹⁰³

¹⁰⁰ It is questionable whether the revolution would have succeeded without the presence of the Brotherhood. Ibid., 160-171.

¹⁰¹ Francesco Cavatorta & Fabio Merone, "Moderation through Exclusion? The Journey of the Tunisian Ennahda From Fundamentalist to Conservative Party," *Democratization* 20 (2013): 867.

¹⁰² See Azzam S. Tamimi, *Rachid Ghannouchi: A Democrat within Islamism* (Oxford: Oxford University Press, 2011) for an excellent overview of Ghannouchi's thoughts prior to but predominantly during his exile in London.

¹⁰³ Cavatorta & Merone, "Moderation through Exclusion," 864-865.

The Moroccan Party for Justice and Development (Parti de la Justice et du Développement, PJD) emerged in 1997 as the political branch of the Movement of Unity and Reform (MUR); the former would engage in matters of politics whereas the latter would limit itself to religious proselytizing or *da'wa*.¹⁰⁴ The PJD has operated as a legally acknowledged party since 1997 and had participated in three elections prior to the ones of 2011.¹⁰⁵ Since its inception, the party has had considerable success, winning 9 out of 325 seats in the 1997 parliamentary elections, 42 in 2002¹⁰⁶, 46 in 2007 and 104 in 2011 out of a total of 395.¹⁰⁷ Its electoral victory in 2011 meant it was the largest party in Morocco and according to the new constitution of 2011 would supply the country's Prime Minister.¹⁰⁸ The MUR was known to be a relatively radical movement and used its influence to force the PJD down a more conservative path, certainly in the latter's early years in politics.¹⁰⁹ However, as the PJD matured politically and as it became increasingly familiar with the 'regime game', which in the case of Morocco means the extent to which a party is tolerated by the monarchy,¹¹⁰ certainly before the constitutional reforms of 2011,¹¹¹ the MUR's influence over the

¹⁰⁴ Ashraf Nabih el-Sherif, "Institutional and Ideological Re-construction of the Justice and Development Party (PJD): The Question of Democratic Islamism in Morocco," *The Middle East Journal* 66 (2012): 661.

¹⁰⁵ See Eva Wegner, *Islamist Opposition in Authoritarian Regimes: The Party of Justice and Development in Morocco* (New York: Syracuse University Press, 2011) for a detailed overview of the PJD prior to its period in power.

¹⁰⁶ Leaked information suggests that the PJD had actually won 57 seats but had to settle for 42. This would have meant that they were in fact the biggest party and Morocco could theoretically have had an Islamist Prime Minister as early as 2002. See Zeghal, *Islamism in Morocco*, 183.

¹⁰⁷ Bouyahya, *Islam-Oriented Parties' Ideologies*, 2.

¹⁰⁸ Hafez Ghanem. *The Arab Spring Five Years Later: Toward Greater Inclusiveness* (Washington, DC: Brookings Institution Press, 2016), 373.

¹⁰⁹ The PJD had a good chance of being part of the governing coalition after the 2002 elections, but the MUR vetoed participation on the basis of among other things the absence of the introduction of interest-free loans and the fact that in the eyes of the MUR the government did not sufficiently defend the country's Islamic identity. Wegner, *Islamist Opposition in Authoritarian Regimes*, 63-64.

¹¹⁰ Mohamed Daadaoui. *Moroccan Monarchy and the Islamist Challenge: Maintaining Makhzen Power* (New York: Palgrave Macmillan, 2011), 125. It is also for this reason that other Islamist groups in Morocco, such as Sheikh Abdessalam Yassine's Justice and Benevolence, which criticizes the king's authority as 'commander of the faithful', has been marginalized by the authorities (see Zeghal, *Islamism in Morocco*, 115-190 for an overview of Sheikh Yassine's life and political views). The PJD, however, has continuously expressed its support for the monarchy, also after demonstrations erupted in the country led by the 20 February movement as well as when being in government. See el-Sherif, "Institutional and Ideological Re-construction of the Justice and Development Party (PJD)" and Daadaoui *Moroccan Monarchy*, 137-139.

party faded and the party's stances became more moderate, making it a classic example of 'moderation through inclusion'.¹¹²

The respective parties' economic views

When preparing for elections, a party has to outline its ideas in an electoral program. Evidently, the Muslim Brotherhood and Ennahda have done so as well in the run up to the parliamentary elections of 2011-2012. The PJD, having freely participated in previous elections, had already presented several electoral programs prior to the Moroccan parliamentary elections of 2011. Given that the FJP and Ennahda finally had an excellent opportunity to openly present their economic views and the economic policies they envisioned and given that this was the most concise, yet also the most comprehensive channel through which they could communicate their vision to their electorate, I will use these electoral programs as primary references to highlight the various policy measures the parties were hoping to implement in the realm of economics. As far as the PJD is concerned, I will be more general, given that this party had already outlined its ideas and as these have already been scrutinized by several scholars. In doing so, I hope to arrive at an understanding what strategies these parties had developed for solving and improving the economic problems that were facing the respective countries. I will subsequently briefly discuss to what extent the envisioned measures coincide with or differ from the theoretical underpinnings of Islamic economics as described in the previous chapter and some of the caveats of the respective parties' analyses.

Freedom and Justice Party

It is important to take into consideration that the Brotherhood had already had a parliamentary delegation of 88 members of parliament during the period 2005-2010. It had lost all except two

¹¹¹ For a detailed overview of the 2011 constitutional reforms and subsequent referendum see Driss Maghraoui, "Constitutional Reforms in Morocco: Between Consensus and Subaltern Politics," *Journal of North African Studies* 16 (2011).

¹¹² The MUR has advocated implementation of *shari'a* law but the PJD has uttered more moderate statements, arguing instead that *shari'a* nowadays revolves around confronting immorality and corruption, creating jobs, and educating people. Lhoussain Azergui, *Le Maroc face à l'islamisme* (Saint-Denis: Editions Edilivre AParis, 2011), 34-42.

seats in the 2010 elections, which was one of the reasons why it supported the uprisings. In their 2011 electoral program, the FJP takes pride in stating that one of the top priorities of these two MPs had been “putting the brakes on the privatization train”.¹¹³ After having analyzed the state of the Egyptian economy on the eve of the Revolution, the FJP’s vision for improving this precarious situation is presented. Among the most striking initiatives is the desire to achieve self-sufficiency in the production of some strategic commodities such as wheat,¹¹⁴ activate the role of small and micro enterprises in the country by modifying the law of protection of competition in order to prevent monopolistic practices, and last but not least encourage compliance with the obligation of *zakat*, encourage further charitable work and reform the national charitable trust system to provide continuous financing for the community.¹¹⁵ As far as the country’s financial situation is concerned, the FJP wants to gradually replace “usurious institutions and transactions” with “Islamic ones”.¹¹⁶

As one might expect from a party with such a distinct role in the provision of social services¹¹⁷, the FJP strongly emphasizes social justice and the equitable distribution of revenues. In line with this, the party focuses on the issue of high prices, the elimination of poverty and unemployment, improvement of the living conditions of workers and peasants, and amending the tax law so as to adopt a system of progressive income taxes.¹¹⁸ They also express the desire to form trade unions for all disadvantaged groups, abolish the current trade unions law and create a new law allowing trade unions to manage their affairs independently from politics¹¹⁹ and moreover to support the advisory

¹¹³ “Election Program The Freedom and Justice Party (FJP),” accessed 21 April 2017, http://kurzman.unc.edu/files/2011/06/FJP_2011_English.pdf.

¹¹⁴ Egypt is the world’s largest importer of wheat and the second largest importer of maize, commodities whose prices had increased significantly during the years preceding the Revolution. As these goods are imported, they must be paid for in foreign currency and as such press heavily on Egypt’s foreign reserves. See Karim Hafez, “Egypt’s revolution: Egyptians still cry for bread.” *Ahram online*, 24 January, accessed 25 May, 2013, <http://english.ahram.org.eg/News/63140.aspx>.

¹¹⁵ “Election Program FJP,” 8-9.

¹¹⁶ *Ibid.*, 28.

¹¹⁷ See footnote 51.

¹¹⁸ *Ibid.*, 17-18.

¹¹⁹ This was to be guaranteed by amending Act No. 35 of 76 on labor unions and Law No. 12 of 1995 in such a way that the freedoms of trade unions would increase. This measure was intended against the fragmentation of trade unions and would therefore have served to strengthen their power. *Ibid.*, 19.

role of trade unions and encourage further cooperation with the state¹²⁰ so as to improve the conditions of workers,¹²¹ which was a key aspect of the revolution.

At the same time and perhaps somewhat contradictory, the FJP wants to *improve* Egypt's investment climate,¹²² eliminate obstacles hindering the private sector and increase Foreign Direct Investment (FDI),¹²³ realizing annual growth rates of 6.5-7 per cent.¹²⁴ This is to be done, however, without privatizing strategic industries such as medicine, food, and energy.¹²⁵ This may come as a surprise given the centrality of social justice in Islamist thought, however, when one considers that the party's economic policies were designed by Khairat al-Shater, the Brotherhood's most prominent senior figure and a multimillionaire businessman in his own right, the emphasis on a favorable investment climate and the elimination of obstacles hindering the private sector as requirements for attaining growth is quite understandable.¹²⁶

Ennahda

The electoral program of Ennahda puts forward similar objectives, but takes it a step further in that intends "providing jobs for *all* Tunisian men and women, offering *all* the amenities of a dignified life, achieving balanced regional development and promoting investment in *all* economic

¹²⁰ Ibid., 15-16.

¹²¹ Another channel for such improvements was to amend some articles to Labor Act No.12 of 2003, so as to ensure better salaries, services and working conditions (and undo much of the labor market deregulation that had occurred under the Nazif cabinet in the years prior to the uprisings). Ibid., 19.

¹²² See Hèla Yousfi, *Le climat d'investissement en Egypte: un usage innovant d'une réforme institutionnelle classique*, *Annales des Mines Gérer et Comprendre* 3 (2010) for an excellent overview of the investment climate in Egypt prior to the FJP's period in power.

¹²³ "Election Program FJP," 18-19.

¹²⁴ "Dr Morsi's Electoral Program—General Features of Nahda (Renaissance) Project," 28 April, 2012, accessed 3 April, 2017, <http://www.ikhwanweb.com/article.php?id=29932>.

¹²⁵ "Election Program FJP," 28.

¹²⁶ Khairat al Shater developed the FJP's economic policy as part of a broader pan-Islamist strategy known as the 'Nahda project', which intended to Islamize all aspects of society—politics, economy, education, morals, values, behavior—for the benefit of the whole *umma*. In the end, the Brotherhood would be decimated before this strategy had been finalized and as such amounted to nothing more than an aspiration. See "Khairat al-Shater on the Rise of the Muslim Brotherhood," *Current Trends in Islamist Ideology* 13 (2012) and "Dr Morsi's Electoral Program—General Features of Nahda (Renaissance) Project" for more on the Muslim Brotherhood's overall philosophy in the post-Mubarak era.

sectors”[my emphasis].¹²⁷ To be sure, the economic content in Ennahda’s program is the most comprehensive of the three parties but is in essence the same as that of the FJP and the PJD.¹²⁸ Faced with the demands of the revolution and given its Islamist tradition, the program naturally centers around employment, economic development and social justice. The party realizes that the structural trade deficit and its impact on Tunisia’s external debt represents one of the primary challenges for the government and severely hampers its ability to finance the projects it desires.¹²⁹ Public expenditures need to be limited and financed without increasing the country’s national debt.¹³⁰ Furthermore, Ennahda strongly emphasizes the right of employees to associate and unionize, recognizes the right to strike and the independence of labor unions.¹³¹

In line with the two other parties, Ennahda wants to attract investment and technical know-how in order to tilt the balance of unskilled in favor of skilled jobs and to accomplish this the party is willing to fundamentally review the country’s investment code.¹³² Ennahda also intends to engage in bilateral trade agreements with as many countries as possible and integrate Tunisia’s economy with those of its trading partners so as to increase the country’s growth and international competitiveness.¹³³ The ultimate objective in this sequence of thoughts is for Tunisia to obtain a competitive advantage as an economy of knowledge and innovation.¹³⁴ This might be feasible for the Maghreb, hence making Tunisia a *local* knowledge economy, but given that the bulk of the

¹²⁷ “Ennahda Movement Programme,” accessed 21 April, 2017, http://kurzman.unc.edu/files/2011/06/Nahda_2011_summary_in_English.pdf.

¹²⁸ This observation of mine is shared by Alison Pargeter. See Alison Pargeter, *Return to the Shadows: The Muslim Brotherhood and An-Nahda since the Arab Spring* (London: Saqi Books, 2016), 194.

¹²⁹ “Ennahda Movement Programme,” 25.

¹³⁰ Ibid., 26.

¹³¹ Ibid., 20.

¹³² Ibid., 27-28.

¹³³ Ibid., 27.

¹³⁴ Ibid., 28.

country's trade is with the EU¹³⁵ one may wonder whether it would be possible to achieve this in the Mediterranean or even the wider Arab region.

This does not prevent Ennahda from making optimistic macroeconomic forecasts; over the four year period from 2012-2016, the party hopes to create 590,000 jobs, reduce the unemployment rate to 8.5 per cent, realize growth rates averaging 7 per cent and raise per capita income with more than 58 per cent.¹³⁶ Then there is the party's monetary and financial policy. The party wishes to turn Tunisia into "a regional financial center with international influence".¹³⁷ It also wants to further develop the position of Islamic banks. However, strengthening the Tunisian financial sector would have to occur through attracting "internationally renowned banks".¹³⁸

Party for Justice and Development

As stated above, the PJD had already participated in three elections before the 2011 elections and is fully committed to political participation.¹³⁹ In 1997 and 2002, the party's ideology was overwhelmingly Islamist, emphasizing the need for social justice, equity related issues and the provision of interest-free loans as well as expressing concerns about economic globalization.¹⁴⁰ Following the 2003 Casablanca terrorist attacks, the party had to drastically tone down on its Islamist content and began to follow what Bouyahya calls the 'Third Way', which is quite similar to what is known as 'social democracy' in many Western European countries.¹⁴¹ In 2011, in the wake of the Arab Spring, the party again highlighted its Islamist stances.

Another observation is that the emphasis on economic affairs is much lower in national than in municipal elections; in the latter, issues like social justice and employment are more prevalent than

¹³⁵ Malika Zeghal, "Competing Ways of Life: Islamism, Secularism, and Public Order in the Tunisian Transition," *Constellations* 20 (2013): 256.

¹³⁶ "Ennahda Movement Programme," 29-30.

¹³⁷ Ibid., 33.

¹³⁸ Ibid., 34.

¹³⁹ Daadaoui, *Moroccan Monarchy and the Islamist Challenge*, 122.

¹⁴⁰ Bouyahya, *Islam-Oriented Parties' Ideologies*, 138.

¹⁴¹ Ibid., 97-98.

in the former,¹⁴² and as Bouyahya demonstrates, matters related to economics, such as reducing inequality, fighting (economic) hegemony, or addressing the role of the state in the economy were of relatively minor importance on party congresses.¹⁴³

In the 2007 electoral program, which was influenced by technocrats brought in by party secretary general Saad Eddine Othmani, the PJD addressed socioeconomic matters in a more realistic way and moreover with more appreciation for the budgetary constraints that the party would inevitably face when desiring to actually govern the country. This program diverged significantly from the predominantly Islamist ones of the previous elections and resembled more closely the economic ideals of social democracy.¹⁴⁴ The PJD lost the elections and Othmani was dismissed as secretary general during the 6th party congress in 2008, in favor of Abdelilah Benkirane.

In the run-up to the 2011 elections, the region was embroiled in the events of the Arab Spring and, given the events in Tunisia and Egypt, Islamism had come to the center of political activity. Unsurprisingly, the 2011 electoral program was once again predominantly Islamist, mentioning social justice, while also favoring capitalism, private property and emphasizing the virtues of the free market.¹⁴⁵ By 2011, however, the PJD's economic program had by and large become similar to that of all other Moroccan parties.¹⁴⁶ The party has therefore become, in the eyes of many commentators, a neoliberal¹⁴⁷ party, which emphasizes social justice solely through charity given by individuals and the trickle down mechanism.¹⁴⁸

¹⁴² Ibid., 101.

¹⁴³ Bouyahya argues that economic issues are indeed on the agenda of every party congress, but that they are never given prominence and, especially in comparison to other topics remain relatively unaddressed. Bouyahya, *Islam-Oriented Parties' Ideologies*, 99-133.

¹⁴⁴ Ibid., 139.

¹⁴⁵ "Pour un Maroc Nouveau: Programme électoral du Parti de la Justice et du Développement Elections législatives du 25 novembre 2011," accessed 25 May 2017, <https://jalileloutmani.files.wordpress.com/2011/11/lc3a9gislatives-2011-programme-pjd-fr.pdf>, 7.

¹⁴⁶ Bouyahya, *Islam-Oriented Parties' Ideologies*, 147 in an interview with a professor of political science at Hassan II university in Casablanca who is also the director of the Economics and Governance School in Rabat (his name is not mentioned).

¹⁴⁷ Ibid. The professor interviewed by Bouyahya calls the PJD a neoliberal party, who "favors capitalism, private property and the free market". Bouyahya himself argues that the party is the most favorable to neoliberal policies of all

Some comments on the programs

A major lacuna of the programs is the unfocused nature of the economic propositions, but especially the way they are to be implemented is extremely vague and ambiguous. Likewise, it appears that the programs were written without a clear understanding of the underlying mechanisms that determine the eventual outcome of the policy measures. Inflation, for example, is not an increase in the price level but refers to an increase in the money supply, meaning more currency chasing the same number of goods and services, *as a result of which* prices rise. It is therefore illogical and potentially disastrous to want to invest in “100 national projects (each exceeding a billion dollars),”¹⁴⁹ increase wages and pensions and make the banking system loan out half a trillion Egyptian pounds,¹⁵⁰ while at the same time wanting to drastically curb inflation. The same is true for Ennahda, whose program argues that the gradual rise in the growth rate will reduce inflation rates.¹⁵¹ All else equal, whenever an economy grows, either through domestic growth or through exports, the amount of currency in circulation will increase and *as a result* prices will rise.

Moreover, the programs are very expensive, especially when we consider that the economic situation of the countries is quite precarious to begin with. Government budgets have proven insufficient to pay for a decent welfare state and will most likely continue to be so for years to come. This is an important finding because nowhere in the programs is there any reference to their feasibility or any confession that implementing the measures may prove difficult.

It is likewise remarkable that interest free banking will exist parallel to conventional banking. One explanation for this is that it takes time to make the transition from interest based to interest free banking, but the PJD and Ennahda do not even mention the intention to make this switch. Another

Islam-oriented movements in Morocco. This is confirmed by scholars Youssef Belal and Mohamed Tozy in interviews Bouyhaya conducted with them. Ibid., 193.

¹⁴⁸ Bouyahya, *Islam-Oriented Parties' Ideologies*, 147.

¹⁴⁹ “Dr Morsi’s Electoral Program—General Features of Nahda (Renaissance) Project”.

¹⁵⁰ “Election Program FJP,” 19.

¹⁵¹ “Ennahda Movement Programme,” 30.

point of contention is that Ennahda states that it expects 27 per cent of funds in the economy to consist of FDI and Islamic financial contracts with which to fund infrastructure and other large investment projects. As explained in chapter two, Islamic finance, which is explicitly mentioned in all three programs, requires some measure of profit and loss sharing, for it to qualify as an investment under *mudaraba* or *musharaka*. If not, projects will have to be repaid with a fixed mark-up, which could very well mean that for instance newly constructed roads will require tolls and as such reduce real incomes of the people using them.¹⁵²

Moreover, a number of observers point to the pragmatism that has shaped Islamist parties' ideology in order to adapt to the reality of the moment, meaning that Islamist ideology has become a rather fluid one.¹⁵³ Especially the PJD lacks an explicit ideology and its viewpoints depend on the mood of the moment in order to optimally benefit from the popular sentiment.¹⁵⁴ According to Wegner, this is due to the fact that the PJD has firmly established itself as an independent political party, completely independent of any movement to which it would owe accountability. This is also true for Ennahda, which has also been operating independent of any actor, however this party had not 'matured' the way the PJD had and lacked political experience.¹⁵⁵

¹⁵² As has been the case with the Fès-Oujda expressway in Morocco, which was initiated in July 2011 and was financed by the Islamic Bank for Development and other Gulf Arab investors. "Autoroute de Fès-Oujda," accessed 22 May 2017, <https://web.archive.org/web/20110720195004/http://www.adm.co.ma/projects.cfm?id=3>.

¹⁵³ Youssef Belal, *le cheikh et le calife: sociologie religieuse de l'islam politique au Maroc* (Casablanca: Tarik éditions, 2011); Wegner, *Islamist Opposition in Authoritarian Regimes*; Bouyahya, *Islam-Oriented Parties' Ideologies*, 74-75; Wickham, *The Muslim Brotherhood*. Laroui furthermore argues that parties that have no clear ideology are bound to be opportunist, which is something we observe with the PJD during their time in opposition between 1997-2011. Abdallah Laroui, *What's Ideology?* (Casablanca: Centre Culturel Arabe, 2003).

¹⁵⁴ Bouyahya, *Islam-Oriented Parties' Ideologies*, 61, 97-98.

¹⁵⁵ Wegner, *Islamist Opposition in Authoritarian Regimes*; Bélig Nablî, "Un Tournant?," *L'Economiste maghrébin*, 27 May, 2013, accessed 22 May, 2017, <http://www.leconomistemaghrebin.com/2013/05/27/un-tournant/>.

CHAPTER FOUR

Islamist parties in power

It will come as no surprise that the Islamist parties under study failed to deliver on many of the promises made during their electoral campaigns; political parties in all corners of the globe are forced to break many promises when confronted with the reality of politics, so why would this be any different in Egypt, Morocco and Tunisia? However, when a party whose program—in contradiction to an obvious neoliberal frame of reference—emphasizes issues of redistribution and social equality continues the policies of the regimes it supposedly resists, and moreover sides with and even serves the same established elites, certain actors within (civil) society will inevitably begin to question the feasibility of the redistributive objectives this party supposedly wishes to achieve. This chapter will therefore provide an overview of the respective parties' periods in power and will subsequently analyze these experiences in light of the research question provided in the introductory chapter of this thesis.

Egypt

The Egyptian parliamentary elections from November 2011 until January 2012 saw an overall turnout of 55 per cent.¹⁵⁶ After Muhammad Morsi had been elected and sworn in as president, he appointed Hisham Qandil to be the country's Prime Minister.

A number of the Qandil government's core ministerial posts relating to the economy were occupied by either former businessmen or men with close ties to influential businessmen. Regardless, they were in favor of measures that would facilitate the business and investment climate in Egypt. Osama Saleh, formerly the chairman of Egypt's General Authority for Free Zones and Investment (GAFI), an organization concerned with regulating and facilitating (foreign and domestic) investment and likewise helping investors from all over the world to take advantage of business opportunities in Egypt, became the country's minister of Investment. The post of minister of

¹⁵⁶ "Muslim Brotherhood tops Egyptian poll result," *Al-Jazeera*, 22 January, 2012, accessed 25 May, 2017, <http://www.aljazeera.com/news/middleeast/2012/01/2012121125958580264.html>.

Industry and Foreign Trade went to Hatem Saleh, who prior to accepting the position, had held key posts at companies like Proctor & Gamble and Unilever and had been the CEO of an agrifoods company, which was owned by the Middle East's leading private equity firm Citadel Capital of which Egyptian tycoon Ahmed Heikal is the chair.

The same trend is observable for other economy related ministers—the minister of Tourism and the minister of Petroleum—who had risen to the highest rank in the sectors over which they would preside as ministers. Hisham Zazou, who had worked at Citibank for five years, had co-founded a tourist agency in the US targeting the Egyptian market, had headed the Egyptian Tourism Federation and had been the first Egyptian deputy at the World Tourism Organization's business council would become Egypt's minister of Tourism. Osama Kamal, the minister of Petroleum, had been the chairman of the Egyptian Petrochemicals Holding Company, which is part of the petroleum ministry and was charged with managing and developing Egypt's petrochemicals industry.¹⁵⁷ Last but not least, Khaled al-Azhary, one of only five ministers supplied by the FJP and a former deputy for the Egyptian Federation of Trade Unions (EFTU), was appointed minister of Manpower. The Egyptian Investors Federation had already expressed their contentment with the inauguration of “qualified and experienced” ministers that would be good for the country's investment climate when the Supreme Council of the Armed Forces (SCAF) had appointed similar people for such ministerial posts.¹⁵⁸

However, the Qandil government was severely hampered by the precarious situation of the Egyptian economy inherited from the days of Mubarak and the SCAF, who during their sixteen months in power had done very little to resolve the economic difficulties facing the country. SCAF had refused to enter into an agreement with the International Monetary Fund (IMF) and the World

¹⁵⁷ Ahmed Feteiha, Bassem Abo al-Abbas & Nesma Nowar, “Egypt's New Economy Ministers: Who's Who,” *English Ahram*, 3 August, 2012, accessed 27 May, 2017, <http://english.ahram.org.eg/NewsContent/3/0/49287/Business/0/Egypt's-new-economy-ministers-Whos-who.aspx>.

¹⁵⁸ Ahmed Feteiha, “Egyptian Business Circles Welcome Cabinet's New Economic Team,” *Ahram Online*, 21 July, 2012, accessed 27 May, 2017, <http://www.masress.com/en/ahramonline/17038>.

Bank (WB) in June 2011—an agreement that was quite lenient from the latter’s point of view—with SCAF calling the latter “an affront to national sovereignty,”¹⁵⁹ meaning that Egypt’s balance of payment situation would deteriorate even further. Indeed, under SCAF the budget deficit had risen from 8 per cent of GDP in 2010 to nearly 11 per cent in 2011. It would eventually exceed 13 percent under the Morsi presidency.¹⁶⁰ Due to the political instability that ensued after the ousting of Mubarak and the election of an Islamist dominated parliament, Foreign Direct Investment (FDI) as well as the number of tourists coming to Egypt fell dramatically, which meant that foreign reserves became increasingly more scarce. As the Egyptian pound depreciated rapidly against the US dollar, the currency in which most of the country’s imports are measured, it became more expensive and hence more difficult for Egypt to import what it needed, which in turn affected millions of predominantly poor and middle class families.¹⁶¹ This means that the chain of events following the revolution had an adverse and downward spiraling effect on the already precarious situation that had caused the revolution to occur in the first place. It should come as no surprise that the situation deteriorated even further under Morsi and the Qandil government with unemployment rising to a situation where one in eight Egyptians was unemployed and industrial growth rates, which had oscillated between five and seven per cent prior to the revolution, stagnating at one per cent.¹⁶²

It is for this reason that in the spring of 2012, after the FJP had been elected into parliament, SCAF together with a number of delegates from the FJP, under the guidance of Khairat al-Shater—the man who had directed the FJP’s economic program and had likewise been the visionary behind the Brotherhood’s earlier mentioned ‘Nahda Project’—met with the IMF to discuss the possibility for a \$3.2 billion loan, with al-Shater stating that applying for loans from international financial

¹⁵⁹ Maria Christina Paciello, “Delivering the Revolution? Post-uprising Socio-economics in Tunisia and Egypt,” *The International Spectator* 48 (2013): 10; David Kirkpatrick & May el-Sheikh, “Economic Crisis Adds Dangers on Egypt’s New Political Path,” *New York Times*, 24 January, 2012, accessed 23 May, 2017, <http://www.nytimes.com/2012/01/25/world/middleeast/egypts-new-path-complicated-by-economic-problems.html>.

¹⁶⁰ Ghanem. *The Arab Spring Five Years Later*, 32-33.

¹⁶¹ *Ibid.*, 35-36.

¹⁶² *Ibid.*, 33; “Egypt plans initiative to tackle unemployment: state report.” *Ahram online*, 30 September, 2012.

institutions (IFIs) was “no longer a matter of choice”.¹⁶³ This represented only a fraction of the \$12 billion that was needed to avoid bankruptcy and there was no doubt, neither in the eyes of the lenders nor as far as the FJP was concerned, that the package would result in painful austerity measures being imposed on the already “imploded” Egyptian economy.¹⁶⁴ In summary, the economic situation the FJP and president Morsi inherited from the Mubarak regime and the SCAF was abysmal and the political reality put severe constraints on the former’s ability to implement its already overly ambitious plan for the Egyptian economy.

The Brotherhood had stated in its electoral program that it wanted to stimulate (investment from) Small and Medium Enterprises (SMEs). However, rather than actively strive towards more inclusion of SMEs, senior Brotherhood members Khairat al-Shater and Hassan Malek—both millionaires, longtime business partners, and in the words of political scientist Joshua Stacher, the Brotherhood’s “neoliberal face”—embarked to launch the Egyptian Business Development Association (EBDA).¹⁶⁵ This association, also referred to as the Brotherhood’s “business wing”, is based on the Turkish Müsiad, which is closely linked to the inner circle of the AKP, the political party that has ruled Turkey for the past fifteen years. Its primary goals are to develop the private sector with an emphasis on small and medium enterprises and, according to its founder Hassan Malek, seeks to promote “openness, values and bilateral trade between nations”.¹⁶⁶

Upon closer investigation, however, one finds that the parties affiliated with EBDA belong to the same group of cronies that ruled Egypt during the Mubarak era, in addition to a new business elite

¹⁶³ Thomas Friedman, “Political Islam without Oil,” *New York Times*, 10 January, 2012, accessed 23 May, 2017, <http://www.nytimes.com/2012/01/11/opinion/friedman-political-islam-without-oil.html>; Yolanda Knell, “Egypt’s Candidate: Muslim Brotherhood’s Khairat al-Shater,” *BBC*, 2 April, 2012, accessed 23 May, 2017, <http://www.bbc.com/news/world-middle-east-17583661>.

¹⁶⁴ Damien McElroy, “Egypt ‘Needs £7.5 Billion Bail-out to Avoid Bankruptcy’,” *The Telegraph*, 16 April, 2012, accessed 23 May, 2017, <http://www.telegraph.co.uk/news/worldnews/africaandindianocean/egypt/9207426/Egypt-needs-7.5-billion-bail-out-to-avoid-bankruptcy.html>.

¹⁶⁵ Susan Hansen, “The Economic Vision of Egypt’s Muslim Brotherhood’s Millionaires,” *Bloomberg*, 20 May, 2012, accessed 23 May, 2017, <https://www.bloomberg.com/news/articles/2012-04-19/the-economic-vision-of-egypts-muslim-brotherhood-millionaires>.

¹⁶⁶ Corrado la Martire, “Egypt After the Uprising : Private Sector development and the path of economic restructuring” in Leila el Houssi, Alessia Melcangi, Stefano Torelli & Massimiliano Cricco eds., *North African Societies after the Arab Spring* (Newcastle Upon Tyne: Cambridge Scholars Publishing, 2016), 137-139.

of Brotherhood affiliated businessmen. In fact, there is a striking correlation between being part of the *infatih* elite under Mubarak and the business oligarchy in the period following the Revolution.¹⁶⁷

During the Morsi presidency, this elite was accompanied by a number of businessmen related to the Brotherhood who tried to consolidate their grip on Egypt's economy by establishing business networks such as EBDA.¹⁶⁸ Small and medium enterprises were thus excluded from the post-uprising economic reality in Egypt whereas the ones benefiting from it were largely the same elites that had benefited from the economic liberalization under Mubarak.

Another major contrast between the promises outlined in the FJP's electoral program and the party's actual policies concerns the position of workers and labor unions and the improvements in working conditions and wages. As outlined before, poverty had risen significantly during the last decade of the Mubarak regime—under the infamous ‘cabinet of technocrats’ headed by Ahmed Nazif from 2004 until the uprisings—and several notable scholars have argued that the revolution was primarily inspired by workers' grievances during this period—the number of demonstrations had never been as high as during the final years of the Mubarak regime, a trend that would continue after the revolution and during the Morsi presidency¹⁶⁹—and were initiated by workers and labor activists.¹⁷⁰

As outlined in their program, the FJP promised to amend Law No. 35 of 1976 and Law No. 12 of 1995 in a way that would increase the freedom of trade unions and argued that this measure was intended against the fragmentation of trade unions and hence as a means of *strengthening* them. However, the reality of the matter was quite different. Law No. 35 of 1976 was altered, but not to the extent that would have made a significant impact, and Law No. 12 of 1995 was not altered at

¹⁶⁷ Ibid., 133-139.

¹⁶⁸ Ibid.

¹⁶⁹ Anne Alexander and Mostafa Bassiouny, *Bread, Freedom, Social Justice: Workers & the Egyptian Revolution* (London: Zed Books, 2014), 220-222.

¹⁷⁰ See Joel Beinin, *Workers and Thieves: Labor Movements and Popular Uprisings in Tunisia and Egypt* (San Francisco: Stanford University Press, 2015); Alexander & Bassiouny, *Bread, Freedom, Social Justice* for an excellent overview of the roles played by such actors prior to as well as after the uprisings.

all.¹⁷¹ Moreover, Law 12 of 2003, which the Egyptian Federation of Independent Trade Unions (EFITU) wanted to see amended, was not mentioned nor altered by the FJP.¹⁷² Moreover, the EFITU–Egypt’s largest labor union which had been at the center of the protests ousting Hosni Mubarak–continued to face repression.

After having been elected president, Mohammed Morsi issued seventeen pledges that he vowed to honor as president. These included his intention to serve the best interests of among others workers and other vulnerable groups in society, however without elaborating on its practical aspects. His promise to uphold the freedom to demonstrate and the right to peaceful protest was just as ambiguous given that it came with the restriction that such actions would have to occur “without compromising the interests of the nation, disrupting production, damaging private property or harming the public,”¹⁷³ which can obviously be used as an excuse to curb this right at any time.

The Brotherhood has (repeatedly) stated on its website that it was keen to safeguard workers' rights and the independence of trade union action.¹⁷⁴ However, and more disconcertingly, after the elections the Brotherhood’s website featured “hundreds of articles” that warn against the dangers of striking and civil disobedience and outline how this could result in chaos and the collapse of the state.¹⁷⁵ Independent trade unionists have complained about the intimidation faced when demonstrating against the government’s labor policies, both of which–the repression under Morsi and the government’s labor policies–they argue are much worse than under Mubarak.¹⁷⁶

¹⁷¹ The EFITU wanted Law 35 of 1976 to be scrapped altogether. See “Egypt Parties, Groups call for Friday Rally to demand Labour Rights,” *Ahram Online*, 21 January, 2013, accessed 27 May, 2017, <http://www.masress.com/en/ahramonline/63144>.

¹⁷² Ibid.

¹⁷³ “Seventeen Pledges by Dr. Mohamed Morsi to Egyptians before Runoff Elections,” *ikhwanweb.com*, 31 May, 2012, accessed 28 May, 2017, <http://www.ikhwanweb.com/article.php?id=30038&ref=search.php>.

¹⁷⁴ “Freedom and Justice Party Supports Workers’ Rights and Independence of Trade Union Action,” *ikhwanweb.com*, 25 September, 2012, accessed 27 May, 2017, <http://www.ikhwanweb.com/article.php?id=30297&ref=search.php>.

¹⁷⁵ Alexander and Bassiouny, *Bread, Freedom, Social Justice*, 262.

¹⁷⁶ Jano Charbel, “No Carrot, Only Stick: No Concessions in Government Crackdown on Strikes,” *Almasry Alyoum*, 19 September, 2012, accessed 27 May, 2017, <http://www.masress.com/en/almasryalyoumen/1124271>.

Under the Morsi presidency, the Egyptian Trade Union Federation (ETUF), which had been coopted by the old regime as far back as 1957 and had been dissolved by the SCAF but was later revived, and was the primary enemy of the EFITU, was infiltrated by leading Brotherhood members, providing the Brotherhood with union legitimacy. For instance, in February 2012 the FJP together with ETUF officials were working together on draft legislation that would supposedly expand the freedoms of trade unions.¹⁷⁷ These efforts, however, merely served to control the efforts of independent labor unions and include them in the bureaucratic system, precisely as had been the case under Mubarak. In fact, it would strengthen the primacy of the ETUF and would have meant that all union activities would be controlled by it. According to the draft, workers who left ETUF-affiliated unions would lose access to their deposits in ETUF-administered social funds. The law would give employers the right to prevent trade union activities and elections and the latter would only be allowed if it did not “affect the course of work in the institution”. Trade unionists convicted of “spreading false information” could be fined LE10,000, while employers harassing trade-unionists would only be given a LE1,000 fine.¹⁷⁸

Not only did the law therefore clearly favor employers’ rights over those of workers, it also served as a means to discourage workers from seeking independence from government affiliated unions. The Muslim Brotherhood dominated parliament envisioned a system where workers’ rights and demands would be secured through government affiliated organizations and not by civil society actors such as independent unions. Moreover, the Brotherhood gained privileged access to the main mechanism of control over the nominations for the workers’ seats within these unions as well as those nominated for workers’ seats in parliament, through its partnership with the ruling party within the leadership of the ETUF. It therefore secured that whoever was selected to ‘represent’ workers would already have had to accommodate to the Brotherhood’s aversion to strikes and

¹⁷⁷ Alexander and Bassiouny, *Bread, Freedom, Social Justice*, 249.

¹⁷⁸ *Ibid.*, 250.

workers' protests.¹⁷⁹ Furthermore, the Brotherhood began to present itself as an organization that was in negotiations with striking workers, apparently as a PR campaign, but was reluctant to receive workers and their demands when the latter came to parliament on their own initiative. In other words, the Brotherhood appropriated itself the agency to engage in discussions with (striking) workers as it saw fit but refused to grant that same right to the people it ostensibly represented.¹⁸⁰

As far as minimum wages were concerned – a matter that the FJP had made one of the pillars of its electoral program and one of the key elements through which social justice was to be achieved – the Ministry of Finance under the Qandil government stated that the minimum wage would increase from LE700 to LE1200 over a five year period. This initiative, however, was vehemently rejected by many given that such an increase had already been called for by the Center for Economic and Social Rights prior to the uprisings and given the inflation rates in Egypt this increase would have evaporated when implemented five years into the future. There were therefore powerful calls by civil society actors to increase the minimum wage – for both public and private sector workers – to LE1200 right away. The FJP, however, argued that wages should only increase when laborers' productivity increases.¹⁸¹

During the first six months of the Morsi presidency, there had been little signs that the situation of 'ordinary' Egyptians was likely to change. No minimum and maximum wage nor a progressive taxation system had been implemented, issues that had been key themes during the election

¹⁷⁹ Ibid., 253-256.

¹⁸⁰ Ibid., 261.

¹⁸¹ Niveen Wahish, "The Wage Conundrum," *Al-Ahram Weekly*, 3 May, 2012, accessed 27 May, 2017, <http://www.masress.com/en/ahramweekly/29680>; Hafez, "Egypt's Revolution". The newly enacted constitution, drafted by an Islamist majority, clearly states in Article 14 that "wages are to be tied to production instead of prices". This is one line of reasoning that illustrates the FJP's neoliberal conception.

campaigns.¹⁸² Moreover, strikes calling for higher salaries in order to cope with the deteriorating living conditions were met with harsh repression by police forces.¹⁸³

Adding fuel to fire, the Qandil government decided to cut subsidies on a number of primary necessities which further eroded real incomes. Just as had been the case during the ‘bread riots’ of 1977, the decision to implement austerity measures to secure a \$4.8 billion IMF loan sparked immediate outrage among working and middle-class Egyptians who demanded that the measure be revoked. As the measure disproportionately targeted the poorest segments of Egyptian society, this move was the straw that broke the camel’s back for many who had grown increasingly disgruntled with Morsi, who had started his period in office with statements insisting on social justice.¹⁸⁴ This move is particularly interesting when one considers that the FJP had explicitly stated that it would not resort to foreign loans and grants until feasibility studies and necessary preparations for implementation had been completed.¹⁸⁵ This move by the government, combined with the lack of legislation on minimum wages¹⁸⁶ and a law restricting the right of demonstrations resulted in ever more vocal popular protests against the Morsi presidency with the International Development Centre ranking Egypt first in the world when it came to public protests, averaging 44 such protests per day by the spring of 2013.¹⁸⁷

¹⁸² Salma Shukrallah, “Morsi’s First 100 Days: The Balance Sheet,” *Ahram Online*, 8 October, 2012, accessed 27 May, 2017, <http://www.masress.com/en/ahramonline/54962>.

¹⁸³ Ibid.

¹⁸⁴ “Price Rises and Protests,” *The Egyptian Gazette*, 04 April, 2013, accessed 27 May, 2017, <http://www.masress.com/en/egyptiangazette/28960>.

¹⁸⁵ “Election Program FJP,” 29.

¹⁸⁶ Some have argued that the highly demanded minimum wage law had been deliberately ignored by the government. Hafez, “Egypt’s Revolution”.

¹⁸⁷ “Price Rises and Protests”.

Tunisia

With a voter turnout of just under 52 per cent,¹⁸⁸ the October 2011 Tunisian Constituent Assembly elections saw Ennahda come to power in a ‘troika’ coalition with the liberal left—the Congrès pour la République headed by future president Moncef Marzouki and the Democratic Forum for Labor and Liberties, whose Arabic acronym spells Ettakatol—with Ennahda winning 37% of the votes, making it the biggest party by far.¹⁸⁹ Hamadi Jebali was appointed prime minister and on December 20, 2011 he presented his cabinet.

Naturally, Ennahda occupied most (and the most important) ministerial positions, such as the minister of Justice, minister of the Interior and minister of Foreign Affairs, as well as the most important posts related to the economy. The party supplied the minister of Industry and Commerce (Mohamed Lamine Chakhari), the minister of Investment and International Cooperation (Riadh Bettaieb), and the minister for Economy (Ridha Saidi). It therefore seems that some of the most sovereign portfolios went to senior Ennahda members who were lacking the qualifications for such positions.¹⁹⁰ Houssine Dimassi of Ettakatol would become the minister of Finance. He had been a member of the General Tunisian Union of Labor (Union Générale Tunisienne du Travail, UGTT) prior to securing the post and was affiliated with the Workers’ Organization.¹⁹¹ On July 27, 2012 he resigned due to disagreements with the government on matters related to political economy and social and monetary policy, after which he was succeeded by Slim Besbes of Ennahda.¹⁹² The party, therefore, had control over all the important ministries related to the nation’s economy, was by far

¹⁸⁸ Eymen Gamha, “Final Results of Tunisian Elections Announced,” 14 November, 2011, accessed 27 May, 2017, <http://www.tunisia-live.net/2011/11/14/tunisian-election-final-results-tables/>.

¹⁸⁹ Ennahda won 89 seats, CPR 29 and Ettakatol 20 out of 217 seats in total. Malika Zeghal, “Competing Ways of Life,” 258.

¹⁹⁰ Pargeter, *Return to the Shadows*, 202.

¹⁹¹ “Biographie de M. Houssine Dimassi, ministre de la Formation professionnelle et de l’Emploi,” *Businessnews.com.tn*, 18 January, 2011, accessed 27 May, 2017, <http://www.businessnews.com.tn/biographie-de-m-houssine-dimassi-ministre-de-la-formation-professionnelle-et-de-lemploi,525,23094,1>.

¹⁹² Thibaut Cavaillès. “Tunisie: Bisbilles au sein du gouvernement,” *Le Figaro*, 29 July, 2012, accessed 27 May, 2017, <http://www.lefigaro.fr/international/2012/07/29/01003-20120729ARTFIG00163-bisbilles-au-sein-du-gouvernement-tunisien.php>. According to Alison Pargeter, the straw that broke the camel’s back for Dimassi was Ennahda’s decision to pay financial compensation to some 20,000 former political prisoners, most of them Islamists. Pargeter, *Return to the Shadows*, 210.

the most influential party in parliament and supplied the Prime Minister; if there ever was a chance to realize the desired policies, this was it.

The economic situation inherited from the Ben Ali regime was a dreadful one. As already discussed in Chapter One, the precarious economic situation Tunisia found itself in was caused by two decades of structural adjustment policies implemented by the former regime at the behest of the international financial institutions (IFIs). The Jebali government took office with an unemployment rate standing between fifteen and twenty percent with youth unemployment at thirty per cent.¹⁹³ Policies by the Ben Ali regime had secured a steady flow of FDI to the country, but these investments were focused on low value added, low wage and labor intensive activities such as textile production, which required little skilled labor.¹⁹⁴ Given that Tunisia has a relatively well-educated labor force, this resulted in a disproportionately high number of recent graduates to be unemployed.¹⁹⁵ However, Ennahda, with its rhetoric of social justice, did not deviate from this model in any meaningful way and continued to adhere to the neoliberal policies of the former regime.¹⁹⁶

Due to uncertainty over the country's political future, foreign investors were reluctant to invest, which further limited growth, and increasingly forced the government to turn to Persian Gulf countries for funds.¹⁹⁷ Ennahda proudly stated on its Facebook page that it had secured a \$500 million grant from Qatar as well as a guarantee that 50,000 Tunisians would be given jobs in the

¹⁹³ Zeghal, "Competing Ways of Life," 257; Ghoneim, *The Arab Spring 5 Years Later*, 154; Fitch Credit Agency Communiqué, "Fitch confirme les notes BBB- de la Tunisie; la perspective est négative," *businessnews.com.tn*, 28 February, 2012, accessed 27 May, 2017, <http://www.businessnews.com.tn/fit-confirme-les-notes-bbb--de-la-tunisie--la-perspective-est-negative.520.29617.3>.

¹⁹⁴ Ghoneim, *The Arab Spring 5 Years Later*, 155-156.

¹⁹⁵ Ibid.

¹⁹⁶ Pargeter, *Return to the Shadows*, 209; Dalacoura, "Islamism and Neoliberalism in the Aftermath of the 2011 Uprisings," in Emel Akçali, *Neoliberal Governmentality and the Future of the State in the Middle East and North Africa* (London: Palgrave, 2016).

¹⁹⁷ Ghoneim, *The Arab Spring 5 Years Later*, 155-156.

Gulf.¹⁹⁸ It also stated that it had successfully convinced the German government to convert a \$75 million debt into investments in Tunisian infrastructure.¹⁹⁹

On June 7, 2013 Ennahda signed an agreement with the IMF, ensuring that Tunisia would have to continue along the path of austerity and macroeconomic stabilization that had proven so disastrous before.²⁰⁰ The negotiations with the IMF were conducted without public discussion in the Constituent Assembly, in spite of considerable hostility to the IMF by several civil society groups within the country.²⁰¹

The Jebali government knew from the start what an agreement with the IMF would mean in terms of austerity and deregulation of the labor market. Already in June 2011, the World Bank board had agreed to supply Tunisia with a \$1.3 billion donor package on terms that differed little from the latter's usual demands and required the government to promote competition and improve the business climate.²⁰² Another requirement was that Tunisia had to implement a series of "comprehensive and politically sensitive reforms" aimed at deregulating the labor code and increasing labor market flexibility.²⁰³

Interestingly, as part of promoting "social and economic inclusion" and partly as a result of the aversion to IFIs and their actions in the past in many countries around the world, IFIs have turned to a vehicle called Public Private Partnerships (PPPs) instead of relying exclusively on private actors

¹⁹⁸ On closer inspection, however, it turned out that the so-called 'grant' was actually a loan at 2,5 per cent interest. "Ennahda rappelle les grandes réalisations du gouvernement, mais...", *businessnews.com.tn*, 7 February, 2012, accessed 27 May, 2017, <http://www.businessnews.com.tn/ennahdha-rappelle-les-grandes-realizations-du-gouvernement-mais,520,29193,3>.

¹⁹⁹ Again, closer inspection reveals that this had been negotiated by the government of interim president Béji Caïd Essebsi before president Moncef Marzouki eventually signed the memorandum. Moreover, in exchange the Tunisian government had to address hindrances to German investments in Tunisia and overcome difficulties experienced by German businessmen in the management of their projects in Tunisia. *Ibid.*; Salma Bouzid, "Germany to Convert Tunisian Debt to Investment in Infrastructure," *Tunisia-live*, 26 March, 2013, accessed 27 May, 2017, <http://www.tunisia-live.net/2013/03/26/germany-to-convert-tunisian-debt-to-investment-in-infrastructure/>.

²⁰⁰ Paciello, "Delivering the Revolution?," 18.

²⁰¹ *Ibid.*, 19.

²⁰² Adam Hanieh, "Shifting Priorities or Business as Usual? Continuity and Change in the Post-2011 IMF and World Bank Engagement with Tunisia, Morocco and Egypt," *British Journal of Middle Eastern Studies* 42 (2015): 122.

²⁰³ *Ibid.*, 123.

to guide the investment projects in recipient countries. As the name suggests, a PPP is a financial contract where a private entity finances, constructs, or manages a project in exchange for a series of payments from the government of the respective country. Some of the characteristics of PPPs are the sharing of risks and the construction of long term relationships between the public and private sectors in a country.²⁰⁴ Despite strong criticism in parliament, where fears were expressed that allowing foreign companies to take over the core sectors of the economy while at the same increasing the country's indebtedness would be disastrous for the country and its people, the Ennahda-led government stated that a PPP law was a requirement from foreign donors and that it would continue to support PPPs through ministerial decree if necessary.²⁰⁵ Minister of Economy Ridha Saïdi claimed that a PPP law was of vital importance for future investments and growth and urged future governments not to break with this principle.²⁰⁶ Evidently, Ennahda's enthusiasm for PPPs was not due to their risk sharing element, something that could have been explained by referring to the views held by theorists of Islamic economics, but was rather on the basis that it would attract investments from IFIs. As could be expected, annual cash flows to the IFIs would be realized by cutbacks to subsidies, raises in consumer taxes, and increases in electricity, gas and fuel prices as well as a salary freeze for civil service workers among others, which further reduces real incomes of working and middle class Tunisians in a context of high unemployment and high inflation rates.²⁰⁷

Tax progressivity in Tunisia has been improved by adding two groups to the high-income category, however, the income exemption level—annual income not exceeding TND1500—has not been changed, in spite of campaign promises that it would.²⁰⁸

²⁰⁴ Graeme A. Hodge and Casten Greve, "On Public-Private Partnership Performance: A Contemporary Review," *Public Works Management & Policy* 22 (2017).

²⁰⁵ Hanieh, "Shifting Priorities or Business as Usual?," 124.

²⁰⁶ "Ridha Saïdi: 'L'orientation budgétaire doit s'orienter vers la réduction des déficits,'" *Ennahdha.tn*, 14 December, 2014, accessed 27 May, 2017, <http://www.ennahdha.tn/node/4343>.

²⁰⁷ Hanieh, "Shifting Priorities or Business as Usual?," 124-125; Paciello, "Delivering the Revolution?," 21.

²⁰⁸ Paciello, "Delivering the Revolution?," 20.

Civil society actors of all kinds had been at the center of the demonstrations that toppled the regimes in Tunisia and Egypt, but one actor stands out in particular. The Union Générale Tunisienne du Travail (UGTT), Tunisia's powerful labor union, had been the motor behind the Tunisian Revolution if only for the way it had mobilized demonstrators during the years prior to the uprisings.²⁰⁹ Under Ben Ali, the UGTT had successfully lobbied to implement the structural adjustment programs gradually, thereby protecting jobs.²¹⁰ Ennahda, however, requested that the UGTT abstain from interfering in matters of politics and “preserve its independence”.²¹¹ After these verbal attacks were complemented with physical ones, the UGTT hardened its stance against Ennahda. This sparked the beginning of enmity and distrust between the former, which argued that the Islamists wanted to silence and intimidate organized labor as well as downplay its role in the revolution,²¹² and the latter which, after a series of demonstrations, argued that the UGTT had been “manipulated by elements of the former regime who wanted to undermine the new government”.²¹³ Ennahda's—or any Islamist party's—aversion to syndicalism stems from the historic rivalries between the two groups. From the late 1970s onwards, when Islamism became a genuine force on the political stage, the only group that could mobilize large groups of people and could rival the Islamists were the leftists and organized labor in particular.²¹⁴

²⁰⁹ The UGTT was awarded the 2015 Nobel Peace Prize “for its decisive contribution to the building of a pluralistic democracy in Tunisia”. See Kasper Ly Netterstrøm, “The Tunisian General Labor Union and the Advent of Democracy,” *The Middle East Journal* 70 (2016); Najet Mizouni, “L'UGTT, moteur de la révolution tunisienne,” *Tumultes* 38-39 (2012); Hèla Yousfi, *L'UGTT: une passion tunisienne. Enquête sur les syndicalistes en révolution, 2011-2014* (Paris: Karthala, 2015); Joel Beinin, *Workers and Thieves* for an overview of the UGTT and its history under and after Ben Ali.

²¹⁰ Cammett et al., *A Political Economy of the Middle East*, 300-301.

²¹¹ Yousfi, *L'UGTT*, 192. However, it is important to stress that both the ruling parties as well as the opposition requested that the UGTT would limit itself to its social role and would refrain from political life and that this trend is visible until today. See Walid Khelifi, “Les nouveaux défis de l'UGTT,” *Le Temps*, 5 February, 2017, accessed 27 May, 2017, <http://www.letemps.com.tn/article/101540/les-nouveaux-d%C3%A9fis-de-l%E2%80%99ugtt>.

²¹² Ibid.; Nadya B'chir, “Houssine Abbassi, remonté contre l'attitude des dirigeants d'Ennahda, raccroche au nez de Rafik Abdessalem,” *businessnews.com.tn*, 8 December, 2012, accessed 27 May, 2017, <http://www.businessnews.com.tn/tunisie--houssine-abbassi-remonte-contre-lattitude-des-dirigeants-dennahdha-raccroe-au-nez-de-rafik-abdessalem-video.520.35014.3>.

²¹³ Yousfi, *L'UGTT*, 192; Beinin, *Workers and Thieves*, 125. It is worth mentioning that the UGTT had indeed been infiltrated by and collaborated with the Ben Ali regime at the higher levels, but not on the lower cadre levels. Beatrice Hibou, *The Force of Obedience: the Political Economy of Repression in Tunisia* (Cambridge: Polity Press, 2011), 124.

²¹⁴ Yousfi, *L'UGTT*, 197.

During their period in power, Ennahda therefore tried to marginalize the UGTT in several ways. On its Facebook page, the party expressed its hostility to all things syndicalist.²¹⁵ Likewise, on its official website, one can find a number of accusations against the UGTT.²¹⁶ Given the democratic rhetoric espoused by Ennahda, it could not outlaw organized labor; it therefore attempted to blacklist and contain it, in a sense mimicking the approach adopted by the Ben Ali regime.²¹⁷ Like the Muslim Brotherhood in Egypt, Ennahda tried to include less powerful unions, such as the UTT, into union activities, while at the same time attempting to infiltrate the UGTT.²¹⁸ Again like the Brotherhood, Ennahda unambiguously expressed its aversion to strikes and other escalations “that would obstruct the interests of citizens and undermine the national economy”.²¹⁹

In addition to this, several commentators have argued that Ennahda lacked an economic program that could provide solutions to the problems it was facing, something already discussed in the previous chapter.²²⁰ Not only was Ennahda’s program too incoherent and optimistic, but the party had absolutely no idea how to turn it into practice. Overwhelmed by the complexity and constraints

²¹⁵ Yousfi, *L’UGTT*, 198.

²¹⁶ See for instance Ennahda’s statement expressing its surprise at the “incendiary statements....unjustifiably attacking the Troika and Ennahda party in particular,” “Ennahdha Party Statement on Commitment to Immediate Start of National Dialogue,” *Ennahdha.tn*, 21 September, 2013, accessed 27 May, 2017, <http://www.ennahdha.tn/ennahdha-party-statement-commitment-immediate-start-national-dialogue>; Ennahda’s statement accusing the UGTT of making “baseless accusations” which “lack any objectivity” stressing that the latter should not become “a tool in the hands of political parties that exploit unions for partisan agendas,” “UGTT Unilateral Announcement,” *Ennahdha.tn*, 10 April, 2013, accessed 27 May, 2017, <http://www.ennahdha.tn/ugtt-unilateral-announcement>; and Ennahda’s statement on Labor Day 2013, in which it reaffirms the principal responsibility of the UGTT as “defending workers’ rights” while at the same time securing “the necessary climate for social peace” and calls on the UGTT to respect the ‘Social Pact’—an agreement between the UGTT, the Chamber of Industry and Commerce and the government—in order to “protect the higher national interest,” “Ennahdha Party Statement on Labour Day,” *Ennahdha.tn*, 1 May, 2013, accessed 27 May, 2017, <http://www.ennahdha.tn/ennahdha-party-statement-labour-day>.

²¹⁷ Yousfi, *L’UGTT*, 198.

²¹⁸ Ibid., 199; Khelifi, “Les nouveaux défis de l’UGTT,” *Le Temps*, 5 February, 2017, accessed 27 May, 2017, <http://www.letemps.com.tn/article/101540/les-nouveaux-d%C3%A9fis-de-l%E2%80%99ugtt>.

²¹⁹ Nourredine Arbaoui, “UGTT unilateral announcement,” *Ennahdha.tn*, 10 April, 2013, accessed 27 May 2017, <http://www.ennahdha.tn/ugtt-unilateral-announcement>.

²²⁰ Pargeter, *Return to the Shadows*, 206-207 ; Adem Ben Ammar, “Abdeljelil Bedoui: Ennahdha n’a ni programme, ni doctrine économique,” *businessnews.com.tn*, 17 May, 2012, accessed 27 May, 2017, <http://www.businessnews.com.tn/tunisie-abdeljelil-bedoui--ennahdha-na-ni-programme-ni-doctrine-economique,520,31116,1>

imposed by the political reality, the party soon found itself reacting rather than acting.²²¹ As the promises of progress and employment were not realized, resentment with the party increased, both on the street as well as by the opposition in parliament.²²² After the government attempted to implement the austerity measures demanded by the IMF, protests emerged in early 2013.²²³ The UGTT was at the center of these demonstrations and accused Ennahda of selling the country to the IMF without delivering on its promises of securing social justice and jobs for Tunisians.²²⁴ After two vocal critics of Ennahda's economic policies—Chokri Belaid and Mohammed Brahmi—were assassinated, Ennahda's situation became unbearable and in October 2013 Ennahda agreed to hand over power to a caretaker government after which a government of technocrats was installed who, in spite of new protests, implemented the demands of the IMF to the delight of the latter.²²⁵

Morocco

In the November 25, 2011 Moroccan parliamentary elections, the PJD won a plurality of 27 per cent of the votes, although less than half of those eligible to vote actually did.²²⁶ Abdelilah

²²¹ This worsened as the party's credibility decreased and decisions were made based on what was most pragmatic given a particular situation. Bélig Nabli, *Un Tournant?*, *L'Economiste Maghrébin*, 27 May, 2013, accessed 27 May, 2017, <http://www.leconomistemaghrebin.com/2013/05/27/un-tournant/>.

²²² Pargeter, *Return to the Shadows*, 206-207. In the words of one journalist, "while not solving any of the country's problems, the only area where the government has shown extraordinary competence is making promises for the future." However, the biggest problem was that those in power did not tolerate criticism and try to silence journalists, especially Rachid Ghannouchi who has referred to such journalists as "counterrevolutionaries". Hmida Ben Romdhane, "Une Question: Quels sont les ennemis de la révolution?," *L'Economiste Maghrébin*, 18 January, 2013, accessed 27 May, 2017, <http://www.leconomistemaghrebin.com/2013/01/18/une-question-quels-sont-les-ennemis-de-la-revolution/>.

²²³ Hanieh, "Shifting Priorities or Business as Usual?" 125. The economic crisis had resulted in 40 per cent of Tunisians stating that they were experiencing difficulties in making ends meet (up from 23 per cent in 2010) and 71 percent of the poorest quintile declared to experience difficulties or severe difficulties. It therefore seems that the burden of the Islamist experiment has fallen most heavily on the working and middle classes. Imen Jarrahi, "Le gouvernement actuel, ce grand mal-aimé," *L'Economiste Maghrébin*, 28 August, 2013, accessed 27 May, 2017, <http://www.leconomistemaghrebin.com/2013/08/28/le-gouvernement-actuel-ce-grand-mal-aime/>.

²²⁴ Hanieh, "Shifting Priorities or Business as Usual?," 125.

²²⁵ *Ibid.*, 125-126.

²²⁶ Only 45 per cent of eligible voters voted. Anja Hoffmann & Christoph König, "Scratching the Democratic Façade: Framing Strategies of the 20 February Movement," *Mediterranean Politics* 18 (2013): 19.

Benkirane, the secretary general of the PJD, formulated a conservative government with the Istiqlal Party and the Popular Movement, and became the country's Prime Minister.²²⁷

As argued before, the PJD had since its inception embraced liberal values in matters of economics, emphasizing its support for private property and individual initiative, as well as reducing the role of the state. Social justice ought to be realized primarily through individual actions at times complemented by government schemes of redistribution.²²⁸ Moreover, resistance against the international economic hegemony diminished over time. The PJD had expressed worries about economic globalization in the past and had criticized the Moroccan government for being “minions of the secularized West” doing the bidding of their “foreign bosses” the IMF and the World Bank.²²⁹

When in power, however, the PJD quickly realized that being in power changes the rules of the game.²³⁰ The first Benkirane government was characterized by the implementation of an austerity program—in exchange for a \$6.2 billion precautionary line of credit from the IMF—and World Bank disbursement levels to Morocco reached record heights in 2011 and 2012. In order for these funds to be granted, emphasis was placed on the promotion of PPPs within key sectors. The new constitution adopted in 2011 requires that state finances remain in balance (Article 77) and the constitution hence embedded the demand that the government should aim for the reduction of government spending on wages and subsidies. The IMF and World Bank had assisted at least indirectly in the drafting of this legislation and would thus be ensured of repayment on its PPP

²²⁷ The government also included the Party of Progress and Socialism, but given its small number of seats it played a marginal role in the government's overall course. In July 2013, after the military coup in Egypt, Istiqlal resigned from the cabinet after which Benkirane formulated his second cabinet, this time with the liberal National Rally of Independents.

²²⁸ Bouyahya, *Islam-Oriented Parties' Ideologies*, 99-133; “Benkirane: l'action de l'entreprise doit être encouragée, par entravée,” *PJD.ma*, 13 November, 2014, accessed 27 May, 2017, <http://www.pjd.ma/fr/actualites/benkirane-l'action-de-l'entreprise-doit-etre-encouragée-par-entravée>.

²²⁹ Ibid., 26; Zeghal, *Islamism in Morocco*, 245.

²³⁰ In the words of one commentator, the PJD—and Benkirane in particular—has ‘makhzenized’, meaning it has become part of the state establishment. Wissam El Bouzdaine, “Benkirane a-t-il échoué?,” *Maroc Hebdo*, 11 March, 2015, accessed 27 May, 2017, <http://www.maroc-hebdo.press.ma/benkirane-a-t-il-echoue/>.

initiatives.²³¹ While it is true that the new constitution was passed before the PJD came to power, the latter approved of the constitutional reforms and encouraged their supporters to vote in favor of the proposed changes, as did all other major political parties.²³² In exchange for their support the IMF demanded that the government enforced “rationalization and efficiency of spending” through measures including subsidy and pension reforms, removal of barriers to business entry, reduce tariffs, deregulate the labor market and prepare some public enterprises for privatization²³³ In June 2012, the PJD-led government increased fuel prices by 20 per cent and in September 2012 food subsidies were reduced by 15 per cent.²³⁴

Morocco has since 1941 had a so-called ‘Compensation Fund’ (*caisse de compensation*) which subsidized primary necessities to maintain the purchasing power of citizens. Criticized by institutions like the IMF, the Benkirane II government drastically reduced the subsidies given by the fund from MAD53 billion in 2012—representing one quarter of the total government budget—to MAD23 billion in 2015.²³⁵ When asked how he could reconcile this and other austerity measures such as reducing pensions with his party program Benkirane replied that faced with Morocco’s precarious economic situation, ideology is not something that should be referred to.²³⁶

According to Benkirane, many of the promises made in the 2011 electoral campaign have been met. He argues that FDI to Morocco has increased significantly—from MAD26 billion in 2011 to

²³¹ Cammett et al. *A Political Economy of the Middle East*, 304; World Bank, “Country Partnership Strategy Progress Report for the Period FY10–13,” 15 May, 2012, accessed 27 May, 2017, http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2012/05/21/000333037_20120521001658/Rendered/PDF/676940CAS0R2010se0Only090Box369244B.pdf, 8.

²³² “Morocco Approves Constitutional Reforms,” *CNN.com*, 1 July, 2011, accessed 27 May, <http://edition.cnn.com/2011/WORLD/africa/07/01/morocco.vote.reforms/>.

²³³ IMF, “Morocco Letter of Intent,” 27 July, 2012, accessed 22 May, 2017, <http://www.imf.org/external/np/loi/2012/mar/072712.pdf>, 3; IMF, “Morocco: Request for an Arrangement under the Precautionary and Liquidity Line,” 28 July, 2012, accessed 9 May, 2017, <http://www.imf.org/external/pubs/ft/scr/2012/cr12239.pdf>, 2, 11.

²³⁴ Hanieh, “Shifting Priorities or Business as Usual?,” 128-129; Béchir Lakani, “Le gouvernement marocain revoit à la hausse le prix des carburants,” *L’économiste maghrébin*, 28 September, 2013, accessed 27 May, 2017, <http://www.leconomistemaghrebin.com/2013/09/28/le-gouvernement-marocain-revoit-a-la-hausse-le-prix-des-carburants/>; http://telquel.ma/2014/07/15/nouvelle-hausse-du-prix-du-gasoil_1409595.

²³⁵ “Benkirane: je suis là pour réformer et j’ai confiance en l’intelligence du peuple Marocain,” *PJD.ma*, 24 October, 2014, accessed 27 May, 2017, <http://www.pjd.ma/fr/actualites/benkirane-je-suis-là-pour-réformer-et-j’ai-confiance-en-l’intelligence-du-peuple-marocain>.

²³⁶ Ibid.

MAD39.6 billion in 2013 and that public debt has decreased from 80 to 63.5 per cent of GDP.²³⁷ While (indirect) taxes have increased and subsidies under the Compensation Fund had been hollowed out, a move that has impacted the lives of millions of Moroccans, corporate tax rates have been reduced. What has not been reduced is the unemployment rate, which among young Moroccans still stands at 30 per cent and which has led to almost weekly protests by unemployed workers in front of the nation's parliament.²³⁸ The party refuses to respond to questions concerning the country's persistent unemployment problem, instead sustaining the neoliberal idea that the "private sector" (*le tissu privé*) will absorb this excess of manpower as the number of businesses grows and that it will furthermore have to be complemented by training people "more in line with market demands".²³⁹ Especially the latter will be particularly difficult to realize given the government's continuous pressure on education budgets.²⁴⁰ In the articles I examined on the PJD's own website, as well as those in the Moroccan press, there is no mention of how the party intends to redistribute the gains obtained through the supposed 'successes' of the Benkirane cabinets. One gets the impression that the PJD assumes it will occur through the trickle-down mechanism, given its ceaseless emphasis on its achievements in attracting FDI and realizing promising growth rates for the Moroccan economy. The only other channel through which this would occur, based on the party's electoral program and comments in the media, is through zakat and other individual charitable donations.

²³⁷ Closer inspection reveals, however, that FDI reached MAD28 billion in 2014 and that public debt stood at 77.4 per cent and was likely to reach 83.7 by the end of 2014. Wadii Charrad, "Les réussites économiques de Benkirane (selon lui)," *Telquel*, 24 July, 2017, accessed 27 May, 2017, http://telquel.ma/2014/07/24/reussites-economiques-benkirane-selon-lui_1411104; Ibid, "HCP. La dette publique du Maroc se creuse de manière inquiétante," *Telquel*, 23 January, 2014, accessed 28 May, 2017, http://telquel.ma/2014/01/23/hcp-la-dette-publique-du-maroc-se-creuse-de-maniere-inquietante_10642; Vincent Souchon, "Les investissements étrangers au Maroc s'élèvent à 3,36 milliards de dollars en 2013 selon la CNUCED," *L'usine nouvelle*, 27 June, 2014, accessed 27 May, 2017, <http://www.usinenouvelle.com/article/les-investissements-etrangeurs-au-maroc-s-elevent-a-3-36-milliards-de-dollars-en-2013-selon-la-cnuced.N271534>.

²³⁸ Zakaria Choukrallah, Le bilan d'Abdelilah Benkirane à la loupe, *Telquel*, 9 July, 2014, accessed 27 May, 2017, http://telquel.ma/2014/07/09/bilan-dabdelilah-benkirane-loupe_1408714

²³⁹ Ibid.

²⁴⁰ Ibid.

Although satisfied in part by the concessions granted in April 2011, in which significant increases in wages and pensions were negotiated,²⁴¹ Morocco's trade unions were far from satisfied with the way the Benkirane government proceeded. During the latter's first year in power, some remarked that the new government's policies had been no different from those of previous governments, but that it was too soon to judge.²⁴² Given the country's complicated economic situation, many had anticipated that austerity measures would have to be implemented, but trade unions expected the government to respect the concessions reached under the 'social dialogue'.²⁴³ As the Benkirane government demonstrated its reluctance to put these demands before the austerity measures demanded by the IFIs, the country's trade unions decided to act. Strikes were prepared in 2014 and 2015 to illustrate the capacity of the unions to paralyze the country, as they had done prior to the initiation of the 'social dialogue' in April 2011. The second Benkirane government responded that striking is a right but declared that these unions, some of which were linked to political parties and served "political agendas", had no reason at all to strike.²⁴⁴

After having read dozens of publications on the PJD's own website as well as many articles in Moroccan periodicals, it becomes clear that the Benkirane I and II governments wholeheartedly supported the measures they imposed. For example, the PJD defended PPP agreements with international financial institutions (IFIs) as being alliances "to enrich the economy and provide citizens with competitive and quality services," which merely represent "a transitional phase towards a sustainable, future-oriented solution."²⁴⁵ Benkirane argued that although painful these

²⁴¹ See Matt Buehler, "Labour Demands, Regime Concessions: Moroccan Unions and the Arab Uprising," *British Journal of Middle Eastern Studies* 42 (2015) on how the labor syndicates in Morocco used the unrest caused by the 20 February Movement to draw concessions from the regime.

²⁴² "Bilan d'étape. La déception Benkirane!," *Telquel*, 6 December, 2012, accessed 27 May, 2017, <http://telquel.ma/2012/12/06/Bilan-d-etape-La-deception-Benkirane> 547-5371.

²⁴³ "Document. Ce que le PJD doit faire," *Telquel*, 23 February, 2012, accessed 27 May, 2017, <http://telquel.ma/2012/02/23/document-ce-que-le-pjd-doit-faire> 238.

²⁴⁴ "Benkirane"; "El Khalfi: La grève est infondée et les chiffres démontrent les efforts du gouvernement," *PJD.ma*, 24 October, 2014, accessed 27 May, 2017, <http://www.pjd.ma/fr/news/el-khalfi-la-grève-est-infondée-et-les-chiffres-démontrent-les-efforts-du-gouvernement>.

²⁴⁵ M. Boussaid, "Le PPP n'est pas une privatisation, mais une alliance visant à enrichir l'économie," *PJD.ma*, 12 May, 2015, accessed 27 May, 2017, <http://www.pjd.ma/fr/actualites/le-ppp-n'est-pas-une-privatisation-mais-une-alliance-visant-à-enrichir-l'économie>.

reforms are necessary, they are accepted by the population and trade unions who “know that the government is committed to preserve the purchasing power of the most vulnerable”.²⁴⁶ Likewise, the PJD highlighted on its website that the “progress made in the implementation of economic and financial reforms to strengthen growth, reduce social and spatial disparities and consolidate the macroeconomic framework” is to be admired.²⁴⁷ There is therefore ample reason to assume that the PJD fully supports neoliberal logic and that future governments of which the party is a member will continue to implement similar policies as during the cabinets Benkirane I and II.

Economic Liberalism or Social Justice?

After having analyzed the electoral programs of the Egyptian Freedom and Justice Party, Tunisia’s Ennahda Party and the Moroccan Justice and Development Party, as well as on the basis of their period in power, it becomes obvious that these three parties have all professed as well as practiced neoliberal policies. At the same time, these parties have all made references to the need to redistribute the proceeds of economic endeavor equally among all members of society and have moreover, in light of the events that led to the Arab Uprisings of 2011, promised to deliver on the demands for ‘bread’, which I interpret as steady access to nutrition at an affordable price and ‘social justice’, which I perceive as a reduction of the prominence of the (deep) state in many sectors of the economy, equal treatment of all irrespective of one’s socioeconomic position, and a solution to the chronic unemployment that has plagued the region. Without wanting to sound polemical, I think this thesis has demonstrated that the respective parties have failed in this regard.

The Islamist parties have justified their neoliberal mindset by arguing that the benefits of economic growth, measured in the annual increase in the monetary value of the total number of goods and services produced in a country in a year, would automatically find their way into the pockets of the

²⁴⁶ Oxford Business Group, “Maroc: Des réformes sociales en cours pour développer l’investissement,” *L’économiste Maghrebien*, 23 March, 2015, accessed 27 May, 2017, <http://www.leconomistemaghrebien.com/2015/03/23/maroc-reformes-sociales-cours-investissement/>.

²⁴⁷ “Début des travaux de la 24ème Assemblée annuelle de la BERD,” *PJD.ma*, 14 May, 2015, accessed 27 May, 2017, <http://www.pjd.ma/fr/actualites/debut-des-travaux-de-la-24eme-assemblee-annuelle-de-la-berd>.

population. It is for this reason that the parties did not in principle object to the ‘unpopular’ deregulation requests demanded by international financial institutions in exchange for loans or funding for investment projects, often supplied in the form of so-called Public Private Partnerships. Increasing the price of certain primary necessities *in addition to* the cutting of subsidies on a number of other products, reducing pensions and wages of public sector employees and extensively deregulating the labor market was justified on the basis that in the future—it is good that languages have a future tense, for otherwise the bulk of the articles that I accessed could not have been written—it would all pay off and everyone would get their share.

Aside from the trickle-down mechanism, the other main channel through which the parties have justified their enthusiasm for neoliberal policies is their faith in redistribution through *zakat* and other means of *sadaqa* or voluntary individual charity, which takes up a prominent position in the economic vision of Islamists. The implied logic is the same as with the trickling down of economic growth. As the economy grows and people gradually grow wealthier, people have more disposable income and therefore the absolute monetary value given as charity will increase. This means that more people are able to give alms and charity, while simultaneously the overall number of poor will decrease, meaning that the available funds will be distributed among fewer individuals. For this to occur, however, the Islamists count on the individual piety or *taqwa* of the one donating. In the source material published by the parties that I studied but also in the work of earlier pioneers of Islamist (economic) thought, for instance the thinkers studied in chapter two of this thesis, it is highlighted that in order for this mechanism to work individuals have to be virtuous, but also be financially able to do so; if not then the whole premise is futile, as explained in Chapter Two. As was also addressed in Chapter Two, this ‘recycling’ of funds by wealthier members of society to less affluent ones ensures that there is a steady stream of cash flowing to the poor and the needy and that as such the classical role attributed to the state in for instance Socialist thought—as price setter and distributor of goods of primary necessity—is less necessary.

Given the difficult economic situation the countries found and still find themselves in, governments have been forced to turn to international financial institutions, whose decades long emphasis on neoliberal reforms—the infamous ‘structural adjustment policies’—was the primary cause of the respective countries’ economic situation on the eve of the uprisings. The Islamist governments therefore (had to) continue to implement austerity measures in line with the wishes of these institutions, which has meant that ordinary people simply could not afford to spend the desired amounts in individual charity. The combined effect of these measures has been that the poorest members of society—the potential receivers of alms and simultaneously the ones experiencing the largest relative drop in real income—have been most adversely affected. The Islamist philosophy behind the promise to ensure ‘bread’ and ‘social justice’, therefore, seems to have failed to deliver on its promises. In this regard, it seems that the Marxist critique of Islamists, which accuses them of not really catering to the necessities of the working class and hence accuses them of not being revolutionary, but merely providing false consciousness, appears to be true. In the words of Samir Amin, instead of challenging the system that is responsible for the detriment of Muslims in the world “on the terrain of the real social issues, political Islam aligns itself with the camp of dependent capitalism and dominant imperialism.”²⁴⁸

However, there is more to this failure than meets the eye. The Islamists have demonstrated to want to change the traditional role of civil society actors as counterweights to political forces. Regarding organized labor, for instance, the Islamist parties in the three countries, though more aggressively in Egypt and Tunisia than in Morocco, have attempted to marginalize the role played by such organizations after the former complained about the lack of legislation to ensure that the protestors’ demands for social justice were realized. As has been argued earlier in this chapter, Islamist

²⁴⁸ Samir Amin, *The World We Wish to See: Revolutionary Objectives in the Twenty-First Century*, translated by James Membrez (New York: Monthly Review Press, 2008), 84. However, the same appears to be true for Marxists these days; in Morocco, the PJD governed together with a socialist party and in Tunisia president Moncef Marzouki, who on the eve of the uprisings had spoken out against the “immoral” credo of economic liberalism, and had stated to want to break with this tradition, has actively contributed to the implementation of neoliberal policies. Vincent Geisser, *Dictateurs en sursis: une voie démocratique pour le monde Arabe*, (Ivry-sur-Seine: Les Éditions de l’Atelier, 2009), 76-77.

intimidation of unions was not limited to verbal aggression, but increasingly turned violent as the former's (period in) power matured. In other words, after the Islamists had been voted into office and as their electorate as well as those who had been skeptical towards them from the beginning began to question their intentions or at least their efficacy in realizing the set goals—as exemplified by the increasing number of demonstrations during the post-election period—the Islamists argued that demonstrations or other expressions of public disapproval of their policies would only further harm the economy and individual businesses in particular. Civil society actors would hence have to retreat from their traditional position and leave the realization of economic growth along neoliberal lines *as well as* the simultaneous realization of the social demands of the protestors to Islamist-led governments. The parties demanded that civil society limit itself to the apolitical aspects of societal life and appear to want to condemn the latter to a life in the shadows of political parties. When in power, the Islamists thus attempted to consolidate their power at the expense of their old rivals, organized labor, by either dismissing their role as the voice of workers or by trying to coopt and infiltrate them to provide union legitimacy to their proposed labor policies. The lack of perceived representation by the political system makes the marginalization of civil society actors by (Islamist) political parties all the more worrisome as these groups have been at the forefront of social struggles for decades and have, so it seems, actually *represented* the people's concerns and have actively defended issues related to social justice for decades.

How then, do we explain the divergent aftermath of the experiments in the three countries? The Muslim Brotherhood has been decimated since the coup d'état that deposed Muhammad Morsi from the presidency in July 2013 and no longer plays any political role. Ennahda lost the 2014 elections, but was not given a final blow and may very well reposition itself as a political force in future elections. The PJD in turn has not only remained Morocco's largest party but has moreover increased its number of seats in parliament by 18 during the elections of October 2016 and appears to have secured a broad electoral base on which to build for future elections. Given that the policies

of all three parties have by and large been the same, what can explain the ‘success’ of the PJD and the failure of Ennahda?²⁴⁹

Before answering this question, one has to consider that confidence in the political system has traditionally been terribly low in the region in general as can be inferred from the fact that 51.7 and 45 percent of those eligible to vote actually bothered to show up in the 2011 parliamentary elections in Tunisia and Morocco respectively and that this issue of ‘representation’ has arguably worsened since.²⁵⁰ This begs the question to what extent the political system – any political system – truly represents the people. As Mohamed Daidaa, a Moroccan syndicalist, argues “what does the PJD with its 1.2 million votes represent, when there are 2 million invalid ballots and 7 million Moroccans of voting age who are not even registered on the electoral roll? The electoral system fails to produce a strong party. Instead, one finds oneself with the sum of several programs that are insipid and impossible to realize”.²⁵¹ The ‘Revolutionary mindset’ prevalent among millions of ecstatic Tunisians may have created hopes that were too high to be realized. When the Islamists of Ennahda subsequently failed to materialize on these demands, and as the party was furthermore discredited through its controversial relationship with the powerful UGTT as well as the public perception that the party may have had something to do with the assassination of two of its most vocal critics, the people targeted their anger with the political and economic status quo on the party and voted them out of power. In Morocco, where confidence in the political system has historically

²⁴⁹ Given that the Muslim Brotherhood was removed from the political scene through undemocratic means I consider it futile to include it in a discussion of parties that have been evaluated by means of the ballot box.

²⁵⁰ In Tunisia, the 2014 Constituent Assembly elections saw an overall turnout of 69 percent of eligible voters, however some have estimated that only 20 percent of youths—those who had been at the forefront of the uprisings and who suffer most from issues like unemployment—showed up. In Morocco, the 2016 elections saw an even lower turnout than in 2011, reaching no more than 43% of eligible voters. Therefore, one has to infer that one cannot possibly speak of political *representation* as the majority of a small majority—or a majority of a minority in the case of Morocco—represents only about 25 per cent of eligible voters. Samia Errazzouki, “Observers: Moroccan Election Overall Fair, but Turnout Low,” *Associated Press*, 9 October, 2016, accessed 27 May, 2017, <https://apnews.com/23d5548b685b43ceb02b2599de3b6ab7/observers-moroccan-election-overall-fair-turnout-low>; Sarah Yerkes, “Youth Voting: What a New Democracy Can Teach us about an Old One,” *Brookings.edu*, 6 November, 2016, accessed 27 May, 2017, <https://www.brookings.edu/blog/markaz/2016/11/06/youth-voting-what-a-new-democracy-can-teach-us-about-an-old-one/>.

²⁵¹ Mehdi Bensaïd, “Bilan d’étape. La déception Benkirane,” *Telquel*, 6 December, 2012, accessed 29 May, 2017, http://telquel.ma/2012/12/06/Bilan-d-etape-La-deception-Benkirane_547_5371.

been very low, the PJD had already established itself as an established political force – one that had by now become ‘makhzenized’ – and was no different in the eyes of the public than other political parties. Moreover, the PJD – as well as other Islamist parties – had their electoral base among the middle classes, which, it seems reasonable to assume, had less to complain about government policy than did the poor. It is reasonable to assume, as Bouyahya argues, that the PJD’s electorate supports the party on the basis of its support for conservative policies emphasizing the importance of traditional religious values within society and the family and that its emphasis on individual initiative and support for free markets is of additional but not primary concern. Moreover, as Youssef Belal has argued, the marginalized in society might just as well vote for left-wing parties or Istiqlal as for Islamist ones.²⁵² It is therefore difficult to gauge who the impoverished members of society have voted for, assuming that they voted in the first place. In conclusion, it seems that Ennahda’s electoral defeat in 2014 was a direct result of its inability to deliver on its promises of improving the country’s economic situation, but that the PJD’s victory was not necessarily linked to its economic policies.

It is poignant that Olivier Roy predicted ‘the failure of political Islam’ as early as 1992 and now, 25 years later, he appears to have been right on almost every point. Islamism has indeed not been able to “offer an economic alternative or deeply transform society”²⁵³ nor been able to move beyond a neoliberal model “constrained to follow the prescriptions of the IMF”.²⁵⁴ I contend that it is impossible to implement the ‘moral’ economy as envisaged by the theorists of Islamic economics in the current economic context in which neoliberal logic and deregulation policies enforced by international financial institutions are so dominant. The ‘moral’ economy therefore remains a theory that may only be put into practice in the context of a small, localized economy unaffected by the forces of the international economic system.

²⁵² Belal, *Le cheikh et le calife*, 314.

²⁵³ Roy, *The Failure of Political Islam*, 131.

²⁵⁴ *Ibid.*, 194.

The term ‘false consciousness’ thus still applies to Islamism, but with one addition, namely that the Muslim world has actually witnessed its impotence. In 2003, Graham Fuller argued that Islamism has replaced nationalism and socialism as the mass ideology of the late-20th and early 21st century and Assef Bayat has since argued that we have entered the post-Islamist era.²⁵⁵ I concede that it is too soon to argue that either of these is the case, as many people evidently still do support Islamist parties—including the emergent Salafist currents in several countries across the region—but that it certainly seems that support for Islamism as a political ideology is on a downturn.

But then again, what good is ideology—any ideology—given the economic constraints governments inevitably face and which guarantee the implementation of *unpopular* policies imposed in large part by financial institutions? The very act of forming a government on the basis of popular elections that have clearly yielded an unequivocal motion of distrust at the address of these supposed ‘representatives of the people’ reveals the need for fundamental reforms of the social contract. “No representation hence no taxation” could be the new motto of this current. It requires a drastic reconfiguration of notions such as ‘representation’, ‘legitimacy’, ‘politics’ and is of course highly unlikely to materialize, but if asked the question, I would respond by saying that that may, in fact, be what *the people want...*

²⁵⁵ Graham Fuller, *The Future of Political Islam*, (New York: Palgrave Macmillan, 2003), 94; Assef Bayat, *Making Islam democratic: social movements and the post-Islamist turn*, (San Francisco: Stanford University Press, 2007).

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