From Islamism to Moderation

The Dynamics of Islamic Electorates

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دار الدراويش
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الكتاب: From Islamism to Moderation – The Dynamics of Islamic Electorates

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Contents

Abbreviations

ADB	African Development Bank
AKP	Party for Justice and Development (Turkish. *Adalet ve Kalkinma Partisi*)
DP	Democratic Party
EC	European Council
ERSAP	Economic Reform and Structural Adjustment program
EU	European Union
FDI	Foreign Direct Investment
FP	Felicity Party
GDP	Gross domestic production
GNP	Gross national product
IA	Islamic Alliance
IAF	Islamic Action Front
IMF	International Monetary Fund
ISI	Import-substituting industrialization
MB	Muslim Brotherhood
MUSIAD	Independent Businessmen and Industrialists' Association
NDP	National Democratic Party
NOM	National Outlook Movement
NOP	National Order Party
NSC	National Security Council
NSP	National Salvation Party
PAS	Pan-Malaysian Islamic Party (Malay:Parti Islam Se-Mamaysia)
PPER	Project Performance Evaluation Report
RPP	Republican People's Party
SMEs	Small and medium enterprise owners
SOEs	State Owned Enterprises
TUSIAD	Association of Turkish Industrialists and Businessmen
UN	United Nations
VP	Virtue Party
WP	Welfare Party

Introduction

This book leaves aside the theoretical debates about the compatibility of Islam and democracy. Instead, it sets its focus on the structural conditions that foster Islamic electorates'[1] commitment to the principals of democracy. The question at hand, then, is not whether Islam and democracy are compatible, but rather *what transforms Islamists*[2] *to moderate Islamists or Muslim democrats?*[3] Emphasizing the role of the political party as an agency for expressing the demands of its electorates,[4] this book investigates the role of the interests and orientations of the Islamic electorates in inspiring the ideological moderation of Islamists groups. The analytical focus is placed on examining the socio-economic conditions that affect the attitudes of the Islamic electorates in Turkey and Egypt towards Islamism, and the way in which their attitudes contribute to the moderation of Islamist groups.

Arguing that Islam is not inherently undemocratic,[5] the moderation theory focuses on political inclusion, political learning and repression hypotheses to describe the moderation of Islamic movements. The moderation theory does not sufficiently explain the ideological shift of Islamist groups because it deals only with the state's strategies towards Islamist groups. Moreover, it places a particular emphasis on the institutional and

[1] In this book the 'Islamic electorates' refer to the social groups of supporters and sympathizers of the pious lower-middle classes and members of the Islamic business community. The socio-economic situation and the religious attitudes of these classes turned them into electoral allies of the Islamic parties because they believe that political system that includes Islamic values can provide a political alternative to the secular system that widely perceived as corrupt

[2] The terms Islamist and Islamic movement or party refer to political groups which formulate their ideology based on Islamic orientation. In most case, their aim is to establish an Islamic state in which all law is based on the *Shari'a*

[3] The Islamic groups that seek to achieve their goals through democratic and non-violent political activities.

[4] Lipset, Seymour Martin and Stein Rokkan. 1967. "Cleavage Structures, Party Systems, and Voter Alignments: An Introduction," in *Party Systems and Voter Alignments: Cross-National Perspectives*, ed. Seymour M. Lipset and Stein Rokkan. New York: Free Press.

[5] Bayat, Asef. 2007. *Making Islam democratic.* Stanford, CA: Stanford University Press

organizational part of Islamist parties and focuses exclusively on the political elites as a key factor in the moderation process. Arguments of moderation fail to acknowledge the dynamic of the social segments that make up the Islamic electorates despite the fact that they are, more or less, the largest electorate group in most of the Muslims-majority countries.

In line with Mainwaring's argument that "the nature and beliefs of the electorate affect what kinds of parties are viable,"[6] and Bayat's[7] observation that change toward moderation occurs when a moderate understanding of Islam is voiced by an influential group within an Islamic coalition, the design of this book is based on the assumption that the political orientation of Islamic electorates contributed substantially to the (re)formulation of the political discourse of Islamic parties. Therefore, it argues that changing political preferences of Islamic electorates may encourage Islamist parties to review and modify their political platforms in order to meet the interests of those social groups that comprise the Islamic electorates. The moderation of any Islamist group is relying on the transformation of the political preferences of the social groups that comprise its electorates. In a fair electoral political system, Islamic electorates are expected to redefine their priorities and to readjust their political visions in favor of their social and political interests.

Yet, what are the factors that encourage Islamist electorates to review and modify their objectives and their political platforms? The relationship between the socio-economic transformations and the moderation processes in Turkey and Egypt indicates that the socio-economic situation of Islamic electorates has a considerable role in (re)formulates their political orientations.

The confusing trajectory of political Islam in Turkey and Egypt provides a good example for researching the path of moderation. Turkey and

[6] Mainwaring, Scott. 1989. Transitions to Democracy and Democratic Consolidation: Theoretical and Comparative Issues. Kellogg Institute: Working Paper 130, p.9
[7] See Bayat 2007

Egypt are secular oriented states.[8] However, both countries have hosted well organized Islamic movements that have had a significant impact on both countries political life. In both countries, the Islamic movements started as radical movements that aim to establish an Islamic state. Nevertheless, during the 1990s, groups within Islamist movements in both countries show a considerable shift in their political ideologies toward liberal democratic principles in the political work. The puzzling situation is that, while, in Turkey, the Islamist democrats succeeded in marginalizing the hardliner groups and alters the political ideology of the Islamic movement, in Egypt, the moderate groups remain weak and unable to modify the Egyptian political Islam into a moderate movement. The hardliners within Muslim Brotherhood (MB), who show hesitant and ambiguous attitude toward moderation, achieve visible political success; thus, they stay in the core of the political Islam movement.

As in most of the Muslim-majority countries, the social groups that make up the Islamic milieus in Turkey and Egypt are the lower-middle classes. The support that Islamist factions, moderates or hardliners, garner depends on the interests of these classes who believe that Islam provides an ideal alternative system which solves their socio-economic problems. These social groups were in the core of socio-economic changes that take place in both countries as a result of the economic reform programs. The transformation of their socio-economic situations inspires them to reformulate their political interests.

In Turkey, the economic reforms helped the peripheral businesses and lower-middle class to change their socio-economic situation and their political preferences. Following the socio-economic changes within Turkish society, the social bases of political Islam criticized not only the secular model of the Turkish state, but also radical forms of Islamism. The Islamic electorates

[8] According to the second article in the Turkish constitution, Turkey is officially secular state. Egypt, despite its not officially secular state, the Egyptian parliament follow the western, non-religious norms in passing laws and the decision-making remained based on secular ground.

embraced democratic principles, civil liberties, and economic liberalization and put emphasis on Islamic values rather than on hard-liner Islamist ideology. The pragmatic orientations of the Islamic electorates clearly marked the rise of moderate political Islam. In Egypt, economic liberalization left the lower-middle classes and the peripheral groups at the margin of political and economic power, pushing them to support the extreme political platform of Islamist parties. As losers from the economic reforms, the lower-middle classes were dominated by ideological dispositions. As a result, they support the hardliners Islamist within the MB.

Based on this analysis, this book aims to explore the political orientations of the Islamic electorates in Turkey and Egypt that could be seen as triggers that change the political discourses of the Islamists groups. As any other political groups, Islamist political groups reveal the political preferences and economic interests of their electorates. As vote seekers, Islamist actors are not different from politicians in other parties in their flexibility and adaptability of their political ideology in order to garner public support.

Excluding an introduction and a final conclusion, this book is broken into five chapters. Chapter one starts with a review of the academic debate about the processes of moderation. It presents a definition of moderation and the hypotheses of moderation processes. With the focus on middle classes as Islamist electorates, the chapter challenges the previous moderation hypotheses. Chapter two discusses the emergence of social cleavages in Turkey and Egypt and the political presentation of these cleavages as well as the political and economic changes, which lead to social conflict. This chapter shows the effect of economic liberalization on social cleavages.

Chapter three compares the development of Islamist parties in Turkey and Egypt. While the two cases show similar social structures with regard to center-periphery relations, the development of Islamist politics has traveled along different trajectories. The raises question why the two countries have

experienced so different moderation processes; a question that will be answered in the following two chapters.

Chapter four shows how in Turkey economic liberalization empowered new commercial elite that represents not only the major constituency of the AKP[9] party, but also the economic backbone of the religiously inspired opposition to Turkey's Kemalist establishment. Economic reforms in the context of increasing globalization provided previously peripheral groups with an opportunity to become a rising Islamic business class, exerting a moderation influence on its political representatives.

Chapter five explores the different situation in Egypt. Contrary to Turkey, peripheral social groups have been among the losers of economic reforms, liberalization policies turned into crony capitalism bypassing the broad mass of Egypt's population. Consequently, the call for an Islamic state remained at the heart of the worldview among the major Islamist electorates in Egypt.

[9] The Justice and Development Party or AKP short for the Turkish name (Adalet ve Kalkınma Partisi)

CHAPTER ONE

Islam, Political Islam and Moderation

The developments within the Muslim world during the last century, especially the formation of an Islamic state after the "Iranian revolution"[10] have intensified the debate on Islamism as an ideology that has a growing influence on the political and social life in the Islamic world. The resurgence of Islam as a political ideology is a response to the crises of identity after the humiliating defeat in 1967 war, losing of Jerusalem and the failure of the secular model of government.[11] In the period of three decades, political Islam moved from being an anachronism into a leading feature of the political life and an institutional change in the region.[12] Moreover, the wave of democratization around the world played a role in highlighting the relationship between Islam and democracy. Muslim countries were not affected by the early period of the "third wave of democratization"[13] which started in Portugal in 1974 and spread to Eastern European, Latin American and some Asian[14] countries that did not have a majority Muslim population.

These developments have led to the growth of two relatively new bodies of literature about the political changes in the Muslim world: democratization studies and studies of Islamism. The debate on these issues often gets stuck on the controversial questions as: Are Muslims democrats?

[10] The Iranian revolution of 1979 shattered the illusions that advocate the secularization theory and the belief that religion should be at the margins in the public life. The religious leader, Ayatollah Khomeini, leading a populist revolution from his exile in a small French village and toppling the government of a modernizing Shah of Iran, oil rich, with strong Western allies and formidable military was beyond the imagination of expert and rulers in all over the world(Esposito 2000,3).

[11] Milton-Edwards, Beverley. 2000. *Contemporary politics in the Middle East*. Cambridge: Polity Press.

[12] Volpi, Frederic.2009. "Political Islam in the Mediterranean: the view from democratization studies". *Democratization* 16 (1): 20–38.

[13] In political science, Third Wave Democracy, also known as Democracy's Third Wave, refers to the third major surge of democracy in history. The term was coined in 1991 by Samuel P. Huntington, a political scientist at Harvard University in his article Democracy's Third Wave published in the journal of democracy, vol.2.(2) . The term has been widely used among scholars studying what is considered by some to be democratic transitions and democratization throughout much of the developing world.

[14] For example , South Korea, Taiwan and Mongolia

Are Islam and democracy compatible? These questions have occupied the minds of those concerned with the academic studies of democracy mostly due to the unsatisfactory results of democratization in most of the Muslim majority countries in the Middle East.

Islam and Democracy

The lack of liberalism and democracy in Muslim countries is viewed by many scholars as a direct result of the fundamentally regressive and authoritarian precepts of Islam as a system of belief. Others, however, believe that the political and socio-economic backwardness of these countries is the main reason.[15] The first group of scholars takes a Weberian[16] approach to argue that Islam and democracy are mutually exclusive. This argument was built on cultural and theological foundations of Islam that depend on essentialist analysis of *Qur'an* and *Hadith.*[17] Fukuyama concludes that something about the nature of Islam makes Muslim society particularly resistant to liberal democracy.[18]

Samuel Huntington is one of the early scholars who described the relationship between Islam and democracy. He claims that Islam could not be compatible with democracy because "in Islam, no distinction exists between religion and politics or between the spiritual and the secular, and political participation was historically an alien concept."[19] The "clash of civilization"[20] hypotheses contends, among other things, that

[15] See Volpi, 2009.
[16] Unlike Karl Marx approach to religion, in which religion serves merely as social opiate and agent of social control, Max Weber offers a different vision, one in which religion can in some instances be an independent variable and, as such, a source of social change.
[17] Ciftci, Sabri.2010. "Modernization, Islam, or Social Capital: What Explains Attitudes toward Democracy in the Muslim World?" *Comparative Political Studies* 43(11): 1442-1470
[18] Fukuyama, Francis.1992. *The end of history and the last man*. New York: Free Press.
[19] Huntington, Samuel P.1984. "Will More Countries Become Democratic?" *Political Science Quarterly 99* (2).193-218, p. 208
[20]. A theory developed in 1993, by Huntington, arguing that people's cultural and religious identities will be the primary source of conflict in the post-Cold War world.

> Western ideas of individualism, liberalism, constitutionalism, human rights, equality, liberty, the rule of law, democracy, free markets, the separation of church and state, often have little resonance in Islamic, Confucian, Japanese, Hindu, Buddhist or Orthodox cultures.[21]

Using the same idea, Waterbury asserts that

> whether Islam and Middle East culture are separable phenomena the two work in ways that do not auger well for democracy. The basic tendencies in regional culture and religious practice must overcome rather than utilized in any efforts to promote pluralism and democracy.[22]

Similarly, Kedourie states that democracy will always fail in Islamic society because it is alien to the Muslim political tradition.[23]

The second group of scholars has introduced another point of view by providing a doctrinal argument incorporating such concepts as *ijtihad* (informed rational judgment), *ijma* (consensus), and *shura* (consultation) to ensure the compatibility the Islamic doctrine democracy and modernity. They claim that Islamic religiosity fails to account for the variation in support for democracy. Rashed al-Ghannoushi[24] states that Islamic rules are democratic by nature, giving Turkey as an example where the Islamists defended democracy and civil society, while the secular regimes are using violence to defend the modernism.[25]

The advocates of compatibility hypothesis show that Islam is far from monolithic and Muslim nations present significant diversity with respect to their religious traditions. Despite this diversity, support for democracy at the

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[21] Huntington, Samuel P.1993. "The Clash of Civilizations?" *Foreign Affairs* 72 (3):22-49, p. 40

[22]Waterbury, John 1994. "Democracy without Democrats? The potential for political liberalization in the Middle East". P. 33. In *democracy without democrats? The renewal of politics in the Muslim world*, edited by Ghassan Salame. London:I.B. Tauris.

[23] Kedourie, 1994. See Milton-Edwards, B. 2000.contemporary politics in Middle east.pp.149

[24] Tunisian Islamist who contributed to founding the *Ḥizb al-Nahḍah,* the Tunisian Renaissance Party

[25] See *al-Ahram Weekly*, December 24-30, 1998.

individual level is remarkably high. There are other factors such as socio-economic class, education or state-society relation that may be more influential than the individual's religiosity in determining his/her orientation towards democracy.[26] Therefore, a full understanding of the relation between Islam, political Islam and democracy requires a detailed analysis of political, social and economic conditions for every society rather than studying Islam itself. The term "Islamic society"[27] in singular implies that Islam is the central factor that shapes the dynamic of these societies; while the reality is, "Muslim societies" are never monolithic and never religious by definition. Muslims are main agents of their societies and culture.[28] Consequently, without taking these facts into the account, the essentialist studies of political Islam will be undoubtedly misleading.

Both sides of this debate depend exclusively on the sacred scripture. They draw their argument from the direct reading of *Qur'an* and *Hadith*. At the same time, these discussions show a significant shortcoming in explaining two key questions. First, what these texts mean for Muslim individuals in their day-to-day lives while living under different social, political and economic conditions? Second, how this meaning changes over time? In fact, within any religion's social structure, there are many social forces, individuals or groups, which have diverse interests and orientations. At the same time, religious scripture itself affords ambiguous and multiple meanings. In this regard, religion according to James Beckford is an "expression by means of human ideas, symbols, feelings, practices and organizations."[29] Therefore, religion's politicization process depends mainly on the social agents' understanding of religion and the political interests. It is the social agents, then, which render a religion inclusive or exclusive, and democratic or authoritarian.

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[26] See Ciftci 2010.

[27] According to Bayat, the term Islamic society was constructed by others to describe Muslims and their cultures. The term shows also, who others imagine what Muslims are.

[28] See Bayat 2007, p. 2

[29] Beckford, james. 2003. *Social theory and religion*. Cambridge: Cambridge university press, p. 2

Political Islam Moderation

As this book is talking about Islamism or the process of politicization of Islam, it is important to clarify the meanings of these terms. Olivier Roy describes Islamism as

> the brand of modern political Islamic fundamentalism that claims to recreate a true Islamic society, not simply by imposing *shari'a*, but by establishing first an Islamic state through political action. Islamists perceive Islam not only as a religion, but also a political ideology that should reshape all aspects of society (politics, law, economy, social justice, foreign policy, and so on.[30]

According to Graham Fuller, Islamist is one

> who believe that Islam as a body of faith has something important to say about how politics and society should be ordered in the contemporary Muslim world and who seek to implement this idea in some fashion. Some Islamists are Islamic fundamentalists who follow a literal and narrow reading of the *Qur'an* and the tradition of the Prophet [and] believe that they have monopoly on the sole correct understanding of Islam and demonstrate intolerance toward those who differ[31]

The problem with these definitions is that, there is no clerical authority in Islam that monopolizes interpretation of Islamic principles. There are different segments of Muslims communities that may interpret and reinterpret the Islamic texts and construct the religion in light of their social, political and economic circumstances. Then, the question is not whether Islam and democracy are compatible, but what are the conditions that make the different interpretations of Islam compatible with democracy.[32] In short, there is no single interpretation of Islam but many tendencies and interpretations which

[30] Roy, Olivier. 2004. *Globalised Islam: the Search for a New Ummah*. London: Hurst & Co. p. 58.
[31] Fuller, Graham. 2003. *The future of political Islam*. New York: Palgrave Macmillan, p. xi.
[32] See Bayat 2007, p.4

may or may not be compatible with democratic values. This variation produces different political attitudes to the Islamist activists who represent Islamic societies. These ideas have motivated many scholars to leave aside the study of Islam and focus on other political, social and economic factors to understand the motivations, objectives and strategies of political Islam. The leading question of these studies is what are the factors that change these motivations, objectives and strategies to make it meet the democratic values? What are the processes, mechanisms, and institutions that promote this change?

Recently, scholars[33] have brought a new focus on moderation of political Islam and developed moderation models that explain the phenomenon. They hypothesize that political Islamists, groups or individuals, may become more moderate as a result of political, economic and social changes in Muslim-majority countries. In fact, there are different levels of moderation; therefore, it is necessary to define the level of moderation that can be used as a measure of the extent of moderation in ideological level.

What is Moderation?

Although the phenomenon of moderation does not exclusively belong to Islamist parties, it is mainly associated with political Islam as an opposite of the radicalization process. In his analysis of the De-radicalization[34] of political Islam process, Omar Ashour defines the radicalization as

> [A] process of relative change in which a group undergoes ideological and/or behavioral transformations that lead to the rejection of democratic principles (including the peaceful alternation of power and the legitimacy of ideological and political pluralism), and possibly to

[33] Schwedler (2006) and Wickham (2004)

[34] De-radicalization is another process of relative change within Islamist movements, one in which a radical group reverses its ideology and de-legitimizes the use of violent methods to achieve political goals, while also moving towards an acceptance of gradual social, political and economic changes within a pluralist context (Ashour 2009, 5).

the utilization of violence, or to an increase in the levels of violence, to achieve political goals.[35]

Ashour defines moderation as

> [A]process of relative change within Islamist movements that is mainly concerned with the attitudes of these movements towards democracy. Moderation can take place on two levels: on the ideological level, where the key transformation is the acceptance of democratic principles, most importantly the legitimacy of pluralism and the peaceful alternation of power. On the behavioral level, the key transformation is participation in electoral politics[36]

Carrie Wickham argues that ideological moderation refers to the

> abandonment, postponement, or revision of radical goals that enable an opposition movement to accommodate itself to the give and take of 'normal' competitive politics. It entails a shift toward a substantive commitment to democratic principles, including the peaceful alternation of power, ideological and political pluralism, and citizenship rights.[37]

This level of political behavior serves as adequate indicators for ideological moderation. However, some Islamists view democracy not as something "deeply legitimate, but at best as a tool or tactic that may be useful in gaining the power to build an Islamic state."[38] Thus, their behavior changes were a temporary transformation to cover their genuine ideological agenda as a political strategy to gain more votes in the election or to secure political power. In this book, the evaluation of the political Islamist moderation will be through examining their attitudes towards such concept as *shari'a*, popular sovereignty, pluralism and the citizenship status of women and non-Muslims.

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[35] Ashour, Omer.2009a. *The De-radicalization of jihadists*. USA: Routledge, p. 5
[36] See Ashour 2009a, p.6
[37] Wickham, Carrie Rosefsky. 2004. "The Path to Moderation: Strategy and Learning in the Formation of Egypt's Wasat Party." *Comparative Politics 36* (2): 205-228. P. 206
[38] Nasr, Vali. 2005. "The Rise of Muslim Democracy." *Journal of Democracy 16* (2): 13-27. P. 13

Political Islam Moderation Hypothesis

Those who study political Islam transition offer several distinct hypotheses to explain Islamist moderation. These hypotheses have empirical cases that can be interpreted as supportive. It tests the state strategy and institutional changes which are supposed to induce moderation.

Inclusion-Moderation Hypothesis

Many scholars[39] perceive inclusion of political Islam as a threat to democracy. However, other scholars, inspired by the moderation of other ideological parties,[40] maintain that inclusion of Islamist parties in the political process may generate moderation. The main argument is that if Islamists are radicalized due to repression and exclusion, then including them in the political process will have the opposite effect which is moderation.[41] Jillian Schwedler, in her analysis of the Islamist parties in Jordan and Yemen, states that inclusion leads to different levels of moderation. She concluded that "while the Islamic Action Front (IAF) had moved significantly in the direction of accommodating and embracing democratic principles, the *Islah* party, as a whole, had not."[42] Janine Clark concludes that moderation of the IAF has been both limited and selective.[43]

In spite of the supporting evidence, inclusion does not necessarily company with ideological moderation. In fact, some Islamist parties undergo moderation after their exclusion from the political process. *Nahdlah* in Tunisia, for example, developed into moderate Islamist party after it's exclusion from

[39] For example, Pipes 2000 and Tibi 1998

[40] The Christian Democrats (Kalyvas 2000) and Communist Parties in Europe (Przeworski 1991)

[41] Anderson, Lisa.1997. "Fulfilling Prophecies: State Policy and Islamist Radicalism." In *Political Islam: Revolution, Radicalism or Reform*, edited by John Esposito. Boulder: Lynne Rienner.

[42] Schwedler, Jillian. 2006. *Faith in Moderation: Islamist Parties in Jordan and Yemen*. New York: Cambridge University Press, p. 191

[43] Clark, Janine. 2006. "The Conditions of Islamist Moderation: Unpacking Cross-Ideological Cooperation in Jordan." *International Journal of Middle Eastern Studies* 38 (24): 539-560.

political contestation in Tunisia in the 1990s. Ghannouchi's texts and statements are "appreciative of liberal values and democratic institutions; tolerant of minorities; and open to greater equality towards women."[44] Furthermore, other parties have become more radical after of inclusion. The Malaysian Islamic Party (PAS),[45] for example, has participated in the Malaysian political process since the 1960s, the result is that it changed from being a moderate Islamist-nationalist party in the 1960s and 1970s to the more radical and fundamentalist party that it is today.[46]

Inclusion-moderation hypothesis has different experiences in Egypt and Turkey. In Egypt, even though MB faced severe state repression and persecution, it has maintained its political discourse, at least in last decades, far from radicalization. In Turkey, the Welfare Party showed stability in the political discourse despite it faced severe constraints on participation in the democratic regime and several bans on the party over the course of a decade.

Political Learning Hypothesis

Political learning process provides opportunities for political Islam parties to undergo political calculation of different benefits and risks of political contestation. Political learning

> [I]s the process through which people modify their political beliefs and tactics as a result of severe crises, frustrations, and dramatic changes in environment. All people, followers and leaders alike, are capable of learning from experience, and political actors rarely weather economic depressions, internal wars, or the violent collapse of a form of government unchanged.[47]

[44] Dalacoura, Katerina. 2006. "Islamist Terrorism and the Middle East Democratic Deficit: Political Exclusion, Repression and the Causes of Extremism." *Democratization 13* (3) 508–525, p.520
[45] Pan-Malaysian Islamic Party
[46] Noor, Farish A.2003. "Blood, Sweat and Jihad: The Radicalization of the Political Discourse of the Pan-Malaysian Islamic Party (PAS) from 1982 Onwards." Contemporary Southeast Asia*: A Journal of International & Strategic Affairs 25* (2):200-232
[47] Bermeo, Nancy.1992. "Democracy and the lessons of dictatorship." *Comparative Politics*

Political learning can affect basic, ideological beliefs about political structures, or it can affect the means one prefers for achieving constant ends. Political learning can take ideological or tactical forms.

On the individual level, political interaction may provide an opportunity for political learning because it exposes leaders and member of Islamist parties to different political actors and ideas. The interaction with other parties may push them to reevaluate their objectives and adopt new political ideas and practices. In her explanation to the shift in the *Wasat* founders' goals, Wickham argues that Islamist ideological moderation is driven in part by strategic calculation but was also a result of political learning, that is, of change in its leaders' core values and beliefs. The interaction of Islamists and secular opposition leaders in pursuit of common goals facilitates the change of values. At a time, when

> democracy had emerged as a powerful global norm adjudicating the legitimacy of Arab regimes and oppositions alike, the articulation of a 'democratic' platform would enable the Islamists to seize the moral high ground *vis-å-vis* the country's authoritarian rulers, facilitate alliances with secular opposition groups, and potentially increase domestic and external pressures that would open a democratic electoral route to political power.[48]

However, the problem with this argument is that it cannot explain why it failed to appeal to a greater audience within the rank of the Muslim Brotherhood.

Moreover, when the moderation occurs at the individual level, the unit of analysis, then, will not be the political party. Islamist leadership cadres take more responsibility and serve process moderation, yet the Islamist electorate is absent in this picture. The question is: even if the Islamist leaders moderate as a result of the political learning process, how do they convey the message of moderation to their societal base and make sure their constituents also embrace

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24 (3): 273-291. P.274

[48] See Wickham 2004, p.213

these shifts?[49] Another problem associated with the political learning hypothesis is that political actor may learn very different lessons through participation in similar processes. At the same time, there are no certain criteria to explain the reasons behind the variation in the learning process.[50]The political learning cannot explain the different moderation level within Turkish political Islam despite the fact that they had similar political experience.

Repression-Moderation Hypothesis

The repression-moderation hypothesis argues that state authoritarian rules may induce a strategic calculation on the part of the Islamists to avoid repression. The institutional rules of authoritarian electoral politics have led to both organizational and ideological change within the Egyptian Islamic groups.[51] The formation *Wasat* party was a strategic move to shed the handicap of illegality and secure the formal party status to participate in public life. The achievement of legal status would offer the Islamists a number of strategic advantages, such as a measure of immunity from state repression.[52] The internalization of the human rights discourse and the adaptation of liberal ideology from the part of AKP is a result of insecurity status because of the military establishment pressure.[53]

However, the main problem with the 'repression-moderation' approach is that it does not explain why state repression leads to radicalization of Algerian Islamic Salvation Front[54] and why it leads to moderation Turkish

[49] Yildirim, A.Kadir. 2011. "Globalization and the rise of Muslim democratic parties: The role of the business sector." Paper for IR Faculty Colloquium Princeton University, p. 5
[50] See Schwedler 2006
[51] El-Ghobashy, Mona. 2005. "The Metamorphosis of the Egyptian Muslim Brothers." *International Journal of Middle Eastern Studies* 38 (3):373- 395.
[52] See Wickham 2004
[53] Dagi, Ihsan. 2006. "The Justice and Development Party: Identity, Politics, and Human Rights Discourse in the Search for Security and Legitimacy." In *The Emergence of a New Turkey: Democracy and the AK Party*, edited by Hakan Yavuz. Salt Lake City: The University of Utah Press.
[54] ISF is an outlawed Islamist political party in Algeria its core objective is establishing an Islamic State ruled by *shari'a* law

AKP, in other cases? Indeed, the 'repression-moderation' approach is limited to few case-studies. Even within these case-studies, the explanation provided by this approach is not comprehensive because the AKP is not the first Islamic groups which suffered from military repression in Turkey. At the same time, why did not the MB activists, who had been subject to state repression since the late 1940s, change their ideology in that time?[55] The repression hypothesis cannot justify the diverging levels of moderation in Turkey and Egypt. If the state repression moderates Islamist in Turkey, then the moderation level should be higher in Egypt where the Islamists were repressed more than Turkish groups. Therefore, state repression alone cannot provide a full explanation of the reasons behind the ideological moderation of AKP in Turkey and partial moderation of MB in Egypt.

Not Inclusion, not Learning, not Repression.

Despite that fact that there are empirical cases that can be interpreted as supportive to the moderation hypotheses, these hypotheses are not enough to explain the ideological changes of Islamist groups in Turkey and Egypt. By focusing on the state strategies toward Islamist groups, these three hypotheses do not sufficiently explain the ideological shift of Islamist groups. First, they all consider the moderation of Islamist groups primarily as a reaction to the state's strategies of inclusion and/or repression. The second problem is that these hypotheses solely focus on political aspects and do not consider economic and social factors which might have an impact on the strategies and visions of political Islamists. Finally, and this is central to this book, moderation theory places emphasis on the institutional and organizational part of Islamist parties and focuses exclusively on the political elites as a key factor in the moderation process. Arguments of moderation fail to acknowledge the

[55] Ashour, Omar. 2009b. "Votes and Violence: Islamists and the Processes of Transformation." Paper introduced to the International Centre for the Study of Radicalization and Political Violence. London

dynamic of the social segments that make up the constituency of the Islamic groups despite the fact that it is the largest electorate group in most of the Muslims-majority countries. The participation of political Islamists in elections, in different countries, shows that most of the Islamic parties have achieved a remarkable victory through the ballot boxes. Therefore, it is crucial to understand the relationship between the voting behavior of the Islamic milieu and the political orientation of the Islamist groups.

Other Explanations

The widely common argument is that political Islam represents modern reactions to rapid urbanization, overpopulation, unemployment, unjust income distribution, poverty, corrupt elites, marginalization of lower-middle classes and visible minorities. These arguments have emphasized the importance of socio-economic factors in explaining the psychological alienation and, therefore, the radicalization of Islamist activists.[56] This means that religious affiliations of the excluded socio-economic classes represent a key factor in formulation, organization and supporting of political Islamist movements. At the same time, the movements try to "protect subordinate classes from the ideological hegemony of the dominant classes."[57] From this standpoint, we can say that the radical political Islam is found to solve the collective action problems of the excluded segments in the society, and fights for their inclusion in the system.

[56] See Ashour 2009b, p.7

[57] Reuschemeyer, Dietrich, Evelyne Stephens and Stephens, John. 1992. *Capitalist Development and Democracy*. Chicago: University of Chicago Press, P.50

Middle Class Hypothesis

Building on Barrington Moor's[58] middle-class hypothesis of the social origin of democracy, other scholars discussed the capacity of middle class within the Islamic milieu as a social actor to moderate the Islamic movements. By assuming that middle classes are inherent democrats, Sebnem Gumuscu argues that "expansion of middle classes within the political Islamic movements would lead to moderation defined as acceptance of democracy as the ultimate preference."[59]In her discussion of the reasons behind middle classes perceiving democracy as their best option, Gumuscu uses Ronald Glassman argument about democrat nature of the old middle class. Glassman argues that "the small business middle strata-in business, shops, farms, or the professions-favored laissez faire, law, and democracy."[60] That is because "law protected the individual from the central authority; law guaranteed the rights of the individual against the state."[61] In this sense,

> Emergence of a self-generating capitalist economy created by, operated by, and expanded by, commercial entrepreneurs producing agricultural and manufactured goods for the market is the foundation of the laissez faire principle, which demands separation of the economy from the polity and in doing so engenders an institutional limitation of the power and the scope of the state.[62]

However, skeptics about the ability of the middle class ask many questions such as, what makes the middle class in some cases support the conservative Islamist movements? Is it organized well enough to trigger

[58] See Moore 1966
[59] Gumuscu, Sebnem. 2005. "No Bourgeois, No Moderation: Change in Political Islam in Turkey, Egypt and Algeria." Paper delivered at the 2005 Annual Graduate Student Conference, University of Virginia, p. 9
[60] Glassman, Ronald. M.1995. *The Middle Class and Democracy in Socio-Historical Perspective*. New York: E.J. Brill, p.159
[61] Ibid, p.102
[62] Ibid , p. 111

democratization? Is the middle class a heterogeneous component?[63] It is true that there are considerable groups of the middle class, who depend on a giant bureaucracy, might not be a favorable factor for democracy because the state's largesse provides its survival. Therefore, the effective middle class will be the one which is more independent. The economic liberalization can produce new options for the new middle class in order to become more autonomous and independent.

Economic Liberalization Hypothesis

Even though the problems facing the Middle East are not purely economic, economic reform must come first because it may provide a solution to the social and political problems in the region. Economic liberalization is the surest path to create accountable state and an active middle class, the beginning of a genuine rule of law, the development of business class and access to information openness to the world. In the Middle East, there are many social groups that have a vested interest in a liberal economic system that facilitate their integration into the global economy.[64] The integration with the global economy and the expansion of the free market will produce new social classes with new political and economic interests. The social groups that make up the Islamic constituency are not an exception. The economic reforms may change the socio-economic situation of the component of the Islamic milieu which may lead to new alliances and new political strategies.

Drawing on Bayat's observation that change occurs when democratic understanding of Islam is voiced by an influential group within the Islamist coalition,[65] Gumuscu affirms that in order to explain the moderation of Islamist, it is necessary to explain the factors that affect the power distribution among

[63] Langohr, Vickie. 2002. "An Exit from Arab Autocracy." *Journal of Democracy* 13 (3): 117-122.
[64] Zakaria, Fareed. 2004. "Islam, Democracy, and Constitutional Liberalism." *Political Science Quarterly* 119 (1): 1-20.
[65] See Bayat 2007

parts of the Islamic milieu. Knowing the influential group help us to specify the conditions under which moderates overcome the resistance of the hardliners in replacing the fundamental perception with liberal understanding. She argues that

> economic liberalization has been one such development that has not only distributed power among components of Islamist coalition but also generated an elective affinity between the most powerful group and a liberal perception of Islam through novel articulations of Islam and its relations with economy, politics, and society.[66]

The Islamic milieu consists of different social groups that have different goals gathered together as supporters of political Islam to achieve these goals.[67] Redistribution of power among these components will affect their class's political interests. As a result, they may redefine their political preferences and formulate new political alliances which may marginalize or support the hardliners political Islamist.

However, economic reform is not the same process in all countries. Consequently, it has a different influence on the socio-economic dynamics in these countries because it provides new opportunities for growth of certain classes namely the 'winners,' while negative impact on for others, the 'losers.' In order to show the divergence of states' implementation of economic liberalization, Yildirim distinguishes between two ideal types of economic liberalization: 'competitive liberalization' and 'crony liberalization.'[68]

The competitive liberalization is characterized by its inclusionary, broad-based in terms of participation and less politicized nature. It offers a real chance for competition in the economy to the previously excluded SMEs. SMEs are able to compete in the global economy after removing the political and economic barriers. The state withdraws from the economy in favor of

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[66] Gumuscu, Sebnem. 2010. "Class, Status, and Party: The Changing Face of Political Islam in Turkey and Egypt." *Comparative Political Studies 43* (7): 835-861. P. 839

[67] Gulalp, Haldun. 2001. "Globalization and political Islam: The social bases of Turkey's Welfare Party." *International Journal of Middle East Studies*, 33 (3): 433-448.

[68] See Yildirim, 2011

private enterprises. Decreasing state monopolization allows greater market access for peripheral groups. With the emergence of new winner classes, the old Islamist discourse[69] will no longer serve the interests of the new winners. The anti-system and radical discourse will threaten the political and economic stability leading to high level of uncertainty which is not preferable by the business winner.

While Crony liberalization refers to a selective, corrupted, limited and more politicized economic liberalization in which the state remains the main actor in the economy. In such a closed economy, the connection with the political elites enabled the big businesses to maintain privileged access to the decision-making mechanisms. The integration with the global economy is limited to big businesses because there is no real competition between big and small businesses.[70] Minimizing the competition, which represents the leading dynamic behind the socio-economic change, carries implications on the peripheral businesses especially the SMEs. Therefore, the chances transformation in the interests and preferences of the excluded actor in an uncompetitive context are fairly low. The losers of crony liberalization in Muslims countries will be mainly the Islamic electorates. Indeed, any call for political Islam moderation does not reflect the realities of the electorates in the Islamic periphery.

Conclusion

Is Islam compatible with democracy? It is clear that there is no consensus on this issue. Challenging the essentialists' viewpoint, this book argues that a comprehensive understanding of the relation between the Islam, political Islam and democracy requires a detailed analysis of political, social and economic conditions for every society rather than studying Islam. Islam is

[69] Which can be define as a radical response to the marginalization of Islamic constituency
[70] See Yildirim, 2011

far from monolithic and Muslim nations present significant diversity with respect to their religious traditions. Debating different moderation hypotheses has different indications. First, Islam is not incompatible with democracy. Second, the political environment of each country has a direct impact on the nature of the political Islam. Third, the socio-economic situation of the social classes and the class struggle in each society is an important factor in determining the political behavior of the Islamist groups. This book focuses on the socio-economic factors of the social groups that form the Islamic electorates.

Building on Mainwaring statement "the nature and beliefs of the electorate affect what kinds of parties are viable,"[71] this book argues that the political orientation of the Islamic electorates has a significant influence on the (re)formulation of the political discourse of the Islamist groups. In line with this argument, this book argues that the change in the political preferences of the Islamic electorates toward moderation may force the political Islamist groups to review and reform its platform in order to meet the new preference of their electorates. Since the Islamic electorates' moderation can play an influential role, the book analyses the factor that inspires them to change their political preferences. The next chapters examine the change of the socio-economic situations of the Islamic electorates in Turkey and Egypt as one of the main factors that can introduce a social transformation.

[71] See Mainwaring 1989, p. 9

CHAPTER TWO

Social Cleavages and Political Islam in Turkey and Egypt

An ironic testament to the social cleavage between the center and the periphery in Turkey was a headline in a mainstream Turkish daily newspaper from the 1940s helps illustrates how sharp the class divisions were. The story, according to the *New York Times*, reads as follows: "It got hot, and the people rushed to the beaches," it reads, adding that "the citizens could not bathe." Translation: "Ordinary Turks (the people) crowded the privileged elite (the citizens) out of swimming areas."[1] This story shows that the social division or social cleavages is one of the social realities in the Middle East.

The term social cleavage is used in sociology and political science to explain how society has been divided into groups. The social cleavages have different, among other things, voting behaviours and political preferences. In the Middle East, the divisions among the social groups are clear that have different economic, ethnic or religious backgrounds are clear. Because of the similarities between the social cleavages in Turkey and Egypt, this chapter focuses on the social cleavages as an important element in the formulation of the political affiliation of the individuals in these countries. First, it explores the meaning of social cleavages. Then, it discusses the economic and political roots of the social cleavages in Turkey and Egypt and their effect on the emergence of political Islam and the moderation political Islam in both countries.

[1] Tavernise, Sabrina. "In Turkey, Bitter Feud Has its Roots." *New York Times*, May 22, 2008

Social Cleavages

According to social scientists Lipset and Rokkan, to be termed as a social cleavage, a social group must meet three conditions. First, there must be a division in society based on particular demographic or socio-economic factors such as class, vocation, ethnic group or religious affiliation. These characteristics must serve to separate this division from other members of society. Second, people on one side of a social divide (or cleavage) must be aware of these characteristics that bond them together, and they must demonstrate a willingness to promote the interests that have been associated with their social identity. Finally, there must be some sort of institution that can provide organizational support to the interests of a particular side.[2] Accordingly, social cleavages are the social differences that not only distinguish between the groups within the state's population but also divide them into conflicting groups. The most prominent lines of social cleavages are social class, religion, region, and ethnicity.

The term social cleavages can be used to describe how political party systems are formed within a society. As groups exhibit disparate voting tendencies based on fractures in society, they associate more and more with specific thought that turn into political parties. The party affiliation and proportion of representation in each party solidifies over time as people exhibit the same voting behaviour based on the same social rifts. With the passage of time, party systems emerge.

Kevin Deegan-Krause argues that Lipset and Rokkan's definition of key structural elements has survived the test of time not only because its labels elegantly captured key structural differences but also because they have proven to be highly adaptable. They identify different sources of cleavages which produce different social conflicts. The "urban-rural" cleavage represents

[2] See Lipset, Seymour Martin and Stein Rokkan. 1967.

geographic difference; "owner-worker" cleavage represents the socio-economic status; "center-periphery" cleavage represents cultural difference, particularly ethnicity; "church-state" cleavage represents differences in cultural values and religiosity.[3]

Center-Periphery Division

The explanation of the social division in the Middle East requires going back to the period of Ottoman Empire. Ottoman Empire was the dominant political power in the region for several centuries. The long period of political domination of the Ottoman Empire in the Middle East left its direct and indirect influences on the social structure and state-society relations. Indeed, most of the post-Ottoman nations demonstrate similar social cleavages in the post-independence period. The state tradition of a strong and centralized state is the most important legacy of the Ottoman Empire. The state possessed a high degree of autonomy that guarantees the insulation of the state from the social pressure. The relationship between economic and political powers was the reverse of its equivalent in Western Europe.[4] The Ottoman economic traditions were state-oriented values, rather than market-oriented values.[5] This tradition continues to affect the politics in Turkey and the other successor states.

There was, however, an important element of continuity between the Ottoman period and the post-independence period which is the Westernization efforts. The westernization efforts, which undertake in the late Ottoman period and those carried out by the independent states, were characterized as elitist efforts, state-driven and hostile to the development of autonomous groups and

[3] Deegan-Krause, Kevin. 2006. "New Dimensions of Political Cleavage." *In Oxford Handbook of Political Science, edited by R. Dalton and H.-D. Klingemann*. Oxford: Oxford University Press.
[4] Instead of economic power (ownership of the means of production) leading to political power, political power (high position in the state bureaucracy) gave access to material wealth(Ozbudun 1996, 135)
[5] Ozbudun, Ergun. 1996. "The Ottoman Legacy and the Middle East State Tradition." *In Imperial Legacy, edited by L. Carl Brown*. New York: Columbia University Press. pp. 133-157. P.135

civil society.[6] Therefore, the Ottoman tradition of state autonomy has a significant influence on the independence movements and the societal cleavages, which lead to dual structure divided between military-bureaucratic elite and the heterogeneous societal elements of ruled masses.[7] This modern dual structure has its roots in the Ottoman society in form of a confrontation "between the Sultan and his officials on the one hand, and the highly segmented structure of Ottoman Anatolia on the other hand."[8]

Serif Mardin proposes a useful framework for explaining and evaluating the social cleavages in the Middle East. He introduces a social classification to the Turkish society by arguing that Turkish society had "a center" and "a periphery." After reviewing the political and social life in the last two centuries, Mardin shows the importance of the distribution of economic power in enhancing the sociopolitical conflict and social cleavages. The hostility between center and periphery was "the most important social cleavage underlying Turkish politics and one that seemed to have survived more than a century of modernization."[9]

The independence movements in the Middle East, during the first part of the twentieth century, were characterized by its secular nature. The independence process, which started in Turkey under Ataturk's leadership throughout the 1920s and the 1930s, was followed by Arab experiences. The leaders of these movements, such as Nasser[10] and Ataturk,[11]have a socialist-

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[6] Heper, Metin. 2000. "The Ottoman Legacy and Turkish Politics," *Journal of International Affairs* 54 (1):62–82.

[7] Such as rural population, small commercial interests and various ethnic groups

[8] Mardin, Serif. 1973. "Center-Periphery Relations: A Key to Turkish Politics?" *Daedalus* 102 (1): 169-190. P. 171

[9] Ibid, p.170

[10] Gamal Abdel Nasser was the second President of Egypt from 1954 until his death. A colonel in the Egyptian army, Nasser led the Egyptian Revolution of 1952 along with Muhammad Naguib, the first president, which overthrew the monarchy of Egypt and Sudan, and heralded a new period of modernization, and socialist reform in Egypt together with a profound advancement of pan-Arab nationalism.

[11] Mustafa Kemal Ataturk was an Ottoman and Turkish army officer, revolutionary statesman, writer, and the first President of Turkey. He is credited with being the founder of the Republic of Turkey. His military campaigns gained Turkey independence. Ataturk then embarked upon a program of political, economic,

leftist orientation; thus, they tried to secularize the state and society by starting "revolution from above." It was a top-down social engineering process carried out by the military-bureaucratic elite to impose their secularist vision on a reluctant traditional society. In doing so, the elites made little effort to co-opt or cajole the population or the opposition.[12] The state's bourgeoisie or the 'center' was created after the secular elites controlled the political and economic power. Poor religious social groups excluded from playing a real role in the economic and political life and stayed in the 'periphery.' In most cases, the government and the main institutions are led by military officers, senior bureaucrats, notables and industrialists. At the same time, those "living or belonging to groups based in peripheral areas have been subjectively and objectively distanced from power."[13]

In Turkey and Egypt, there are real social divisions between the center and the periphery. The center composes of various social elements such as the political elite, bureaucracy, military, big businesses and urban upper classes. The periphery composes of small and medium business owners, the poor new immigrants to urban areas, those who survive outside the network of state protection and promotion. These peripheral groups are marginalized and excluded from political and economic power. Islam defines the contours of the 'peripheral' identity. Therefore, the cleavage between the secular center and the Islamic periphery revolves around two dimensions: secularism-religion[14]

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and cultural reforms, seeking to transform the former Ottoman Empire into a modern, westernized and secular nation-state. The principles of Ataturk's reforms, upon which modern Turkey was established, are referred to as Kemalism.

[12] Rabasa, Angel and Stephen Larabee. 2008. "The rise of political Islam in Turkey." *RAND Corporation* , p. 32

[13] Narli, Nilufer.1999. "The Rise of the Islamist Movement in Turkey." *Middle East Review of International Affairs* 3 (3) , p. 41

[14] According to Hakan Yavuz, Turkish nationalism and secularism are the main sources of the political crisis in Turkey because secularism has not meant simply a form of separation between religious and political authority and institutions, but rather a positivist state ideology to engineering a homogenous and stratified society. In this regard secularism in Turkey derives from the positive French tradition of the Third Republican and differs markedly from the Anglo-Saxon understanding of secularism (Yavus, Hakan .2009. *Secularism and Muslim democracy in Turkey*. Cambridge: Cambridge university press, p. 25).

and socio-economic power.[15] The different political preferences of the social cleavages are interpreted in their diversified support of different political parties with different political ideologies.

Social Cleavages in Turkey

Social cleavages between the center and periphery founded in Ottoman Empire era, continue to exist, and even widened, in Republican Turkey. For example, the "Republican People's Party, the single party through which Republican policies were channeled, was unable to establish contact with the rural masses" and "the members of the bureaucratic class under the Republic had little notion of identifying themselves with the peasantry."[16] The Republican elites removed from many aspects of social and political life. As a result, Islam as shared constant and the major connection between the social groups was weakened. Consequently, the tension between different social segments has been exacerbated, and the distance between the central elites and the religious groups of the periphery vastly increased.[17]

After the foundation of the new Turkish Republic, The Kemalist elites sought a radical break with the Ottoman past. The Ottoman traditions, except a few elements of past grandeur, were condemned and discarded in favor of a new state project based on Westernization and secularism. In order to achieve the Kemalism ideology[18] of a secular state, the Kemalist elites carried out a series of reforms that severed Turkey's ties to its Islamic past and to the Islamic world more broadly. The caliphate, led by the spiritual head of the

[15] See Yildirim 2011,p. 7, 8

[16] See Mardin, 1973, p.183.

[17] Sunar, Iikay and Binnaz Toprak. 2004. "Islam in Politics: The Case of Turkey." In *State, Society and Democracy in Turkey*, edited by Ilkay Sunar. Istanbul: Bahcesehir University, pp.155-173.

[18] Kemalism, the official ideology of the Turkish Republic, is named after the founder Mustafa Kemal Ataturk. It is composed of sex main principles: republicanism, nationalism, secularism, populism, progressivism and statism. Of all, secularism had the most dramatic effect on everyday life of citizens of the new republic. A vast secularization program eliminated religion from public life and institutions, reducing religion to the level of a personal matter of individual conscience. It thus marked a major break with a 1000 year old tradition of Islamic education, low, jurisprudence and ethics.(Ayata, 1993, 51)

Muslim Sunni world, was abolished. The Latin alphabet was introduced in place of Arabic script, and an effort was made to purge the Turkish language of words of Arabic and Persian origin that had migrated into it during the Ottoman period. The elites discouraged traditional attire and secularized the education system. All religious institutions and resources were brought under the control of the state.[19] Therefore, shortly after the founding of the Republic, a sweeping campaign was launched against the institutional and cultural basis of Islam in society. Religion then became the main target of the Kemalist elite's Cultural Revolution.[20] At the same time, two versions of nationalism have continued to compete in Turkey: secular linguistic nationalism and religious-communal nationalism. The Turkish elite identified Islamic tradition and the masses as the "other," and the internal otherness of Islam was also extended to the external otherness of the Arabs.[21]

The secular establishment banishes religion from the public sphere. Religion strictly subordinated to and supervised by the state, through the Directorate of Religious Affairs. However, most of these measures were limited to the urban centers. The countryside remained largely untouched. Therefore, despite the ban on religious orders introduced in 1925, Islam continued to have strong social influence and remained largely beyond state control. Until the 1950s, the bulk of the Turkish population remained isolated and traditional, while the urban centers were modern and secular. In effect, two Turkeys coexisted in uneasy harmony: The dominant elite was urban, modern and secular 'center' while the greater part of the population the 'periphery,' was rural, traditional, and pious.[22]

[19] See Rabasa and Larabee 2008

[20] Ahmadov, Ramin.2008. "Counter Transformations in the Center and Periphery of Turkish Society and the Rise of the Justice and Development Party." *Alternatives: Turkish Journal of International Relations* 7 (2-3):15-36

[21] Yavuz, Hakan. 2003. *Islamic Political Identity in Turkey*.UK: Oxford University Press, p.48

[22] See Rabasa and Larabee 2008, p. 33

In addition to secular vs. Islamic division, the economic policies pursued during the first three decades after the formation of the Republic complement the political and identity-based dimension of the center-periphery division. The young Turkish Republic intended to pursue a liberal economic policy; however, the depression in the global market prevented the liberalization process. Instead, Turkey pursued a statist policy designed to protect its own economy. However, economic *etatism*[23] soon became enshrined because it overlapped with the statist-political culture and the interests of the Republican elite. The state pursued industrialization and capital formation with the aim of creating the state bourgeoisie that would be loyal to and indeed part of the new Republican establishment. The state bourgeoisie was characterized by the dominance of giant conglomerates and a handful of wealthy tycoons who enjoy special privileges and a cozy relationship with the state. The Turkish bourgeoisie was a product of state-led economic policies and most of the time supported high customs tariffs to protect itself against foreign competition. The state bourgeoisie, indeed, failed to develop its own cultural code and organic ties with the larger society and culture. It functioned as an agent of the state and tried to imitate European cultural practices without seeking any synthesis with local tradition. The state bourgeoisie could not emerge as a political independent force because of its dependence on the state.[24] It is clear then, in pre-economic reforms period, that the relationship between the state and businesses was built on the preeminence of a political rather than an economic goal. The relationship guarantees the continued dominance of the big businesses, the center, in the first place, while small and medium entrepreneurs are only secondary or, sometimes, neglected. In this regard, it proves the

[23] *Etatism* is one of the six principles of Kemalism, it implied that the state should play an active role in economic development, social, cultural, and education activities when the general interests of the state are involved

[24] See Yavuz 2003

continuity of the 'center-periphery' two-dimensional cleavages:[25] secularism-religion and socio-economic power.

The Emergence of Political Islam in Turkey

The division between the center and the periphery, in the aftermath of the early republican period, was translated into the political sphere. Political preferences of distinct social groups flow readily from their socio-economic interests in the society. The rich social class, or the center, has a close association with secular oriented political parties such as the Republican People's Party (RPP). The religious nature of the peripheral groups introduced apolitical parties with a religious orientation. The political discourse of the Islamist parties provides the peripheral group with a serious allay in their political opposition to the center. The Islamic movement is an outlet to express political dissatisfaction with the existing order on the part of the geographical periphery. Those living or belonging to groups based in peripheral areas have been subjectively and objectively distanced from power. Therefore, specific socio-economic and regional groups in the periphery have backed a succession of parties over time in order to voice their grievances.[26]

The Islamic movement in the early Turkish Republic is a sector of activities, actors, discourses, syndicates, unions, networks and groups that have all come together in the desire to resist the totalitarian and homogenizing policies of the Kemalist state. The movement seeks to carve out an alternative moral order based on its conception of Islam. This movement, as a result, represents a source of power for the powerless groups as well as an instrument of social control over the society. It became a "counter public sphere" and an incubator of a more popular Islamic identity. Islam remained the "hidden face

[25] Nilufer Narli argues that, there are at least five types of relationships are represented here: center periphery conflict; class cleavages; regional cleavages; Islamist-secularist conflict; and sectarian antagonism (Sunnis vs. Alevis).(Narli 1999, 41)
[26] See Narli 1999

of the Kemalist state identity" and provided the vernacular for the marginalized majority excluded from the top-down transformation.[27] At the same time, the Republic, to subordinate religion to the political establishment, tries to create its own version of Islam by establishing the Directorate of Religion Affairs. The central job of the directorate is to control and domesticate Islam in accordance with the needs of the state.[28]

Between 1923 and 1946 Islamist groups, in general, stayed underground during the era of one-party rule. With the transition to a multi-party system in 1946, Islamist groups formed covert and overt alliances with the ruling center-right Democratic Party (DP). During the 1950s, in opposing the centralist elite represented by the RPP, DP represented the people of the periphery, including peasants and provincial bourgeoisie as well as the discontent of Islamists and religiously conservative people dissatisfied with secular policies. After the DP had won the 1959 elections,[29] it softened secularist policies. With the provision of civil liberties by the 1961 constitution, Islamist groups, though their activities were still technically banned, began to operate legally. However, the first time that the Islamist had an autonomous party organization through which they could compete for their agenda was in January 1970 when Necmettin Erbakan established the National Order Party (NOP). The NOP largely represented Anatolian cities controlled by religiously conservative Sunnis and the small traders and artisans of the hinterland. The NOP represented the religiously conservative people who were informal members of outlawed religious orders. These people formed silent but powerful pressure groups with a large network.[30]

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[27] Yavuz, Hakan. 2000 "Cleansing Islam from the Public Sphere," *Journal of International Affairs*, 54 (1):21–42, p. 25

[28] Ibid, p.29

[29] The leader of democrat Party Adnan Menderes adopted more tolerant stand toward Islam therefore he was accused of endangering the Ataturk's legacy, as a result Menderes' government was removed and the Democrat Party was dissolved by a military coup in the end of 1960.

[30] See Narli 1999

The NOP adapts the Islamic sentiment, conservative morals and reduction of economic relation with the west. It reinforces small businesses, local merchant, independent craftsman and traditional economic interests. As a result, the party was banned in 1971 military coup. Again, in 1973 Erbakan founded the National Salvation Party (NSP). The NSP had joined three coalition governments throughout the 1970s, before it was banned together with other political parties in 1980. At the same year, Erbakan founded the Welfare Party (WP) as a successor to the NSP. In the 1995 general elections, the WP won 158 of 500 seats in the parliament, and Erbakan finally became the Prime Minister in the Coalition government. On February 28, 1997, the army issued a declaration that emphasized the urgent need to protect the principle of laicism. As a result, Erbakan resigned from the government and the party was banned. The new successor to the WP was founded in 1998 with a new name, the Virtue Party (VP) and a new leader, Recai Kutan. As happened with the other parties headed by Erbakan, VP was banned by the Turkish Constitutional Court in 2001 depending on the same reasons.[31]

The emergence of political Islam in Turkey represents the first real chance for the Islamic periphery to express their political interests. Erbakan's political discussion which focuses on improving the periphery economic life, reinforcing small businesses and local merchant provide the hardliner Islamist with marked support from the periphery groups. However, the economic reforms during the time of Prime Minister Turgut Ozal[32] reduced the socio-economic gap between the people in the center and periphery. The economic developments of the Anatolian people encourage them to search for new

[31] Gamze, Kona. 2006. "the rise and the fall of the political Islam in Turkey" the paper presented in the international conference on "political Islam in the Middle East." Israel, Ben Gurion university. The chaim Herzog center.

[32] The 26th Prime Minister of Turkey from 1983 to 1989 as the leader of the Motherland Party. he played a major role in developing economic reforms, known as the '24 January decisions,' which paved the way for greater economic liberalism of the Turkish economy.

political discourse that prefers democracy and liberal economy. Chapter five highlights the economic development of the periphery groups.

Social Cleavages in Egypt

The socio-economic division and social conflicts in the Egyptian state's modern history appear in the mid-nineteenth century when the concept of landowning[33] was initiated by the state. The processes of landowning sorted a new upper class that continued for more than century striving to maximize its share of the Egyptian land. In this process, the upper class has engaged in a complex interplay with the state, the other social classes, and the outside world. The distribution of a land amounted to a half of all of Egyptian's cultivable area at the time to about two thousand persons means that the state has intended to create a stable upper class of big landowners. After the Egyptian's independence in 1922, big landowners continue to gain the greatest economic benefits. Through parliament domination, they passed several laws to advance their own interests[34] and to expand their economic base such as protecting the agriculture production and supporting their local industry.[35] In 1930, the Egyptian bourgeoisie succeeded in imposing tariffs to protect the infant domestic industry. By establishing and controlling the three major institutions the Misr Bank, the Egyptian Federation of Industries, and the Egyptian General Syndicate, the land bourgeoisie, in alliance with industrial

[33] Big landowner is the social class which was created by Muhammed Ali's land distribution scheme that was implemented between 1847 and 1889. He generated sizable plots to members of his own family, to tope aid and army commanders, to high state officials and Bedouin tribal chiefs, and to middle state functionaries and local notables. All in all, this new bourgeoisie upper class holds nearly 50 percent of Egyptian's total cultivable land at the time (Ibrahim 1994, 111).

[34] Land taxes were hold to a minimum, and government-sponsored an agricultural credit bank, supposedly created to help small farmers through low-interest credit, ended up aiding the big landowners more than the poor farmers. (Ibid)

[35] Ibrahim, Saad Eddin. 1994. "Egypt's Landed Bourgeoisie." In Developmentalism and Beyond, edited by Ayse Oncu, Caglar Keyder, and Saad Eddin Ibrahim. Cairo: American University in Cairo Press.

elites, had completely succeeded in restructuring the Egyptian economy.[36] All in all, until 1952 the Egyptian economy was characterized by the social conflict between the dominated upper class, the center, and the margined lower class or the periphery.

However, after 1952 army officers' coup, the land bourgeoisie was economically and politically destroyed by the new political regime. The independent revolution has emerged as a social revolution which transformed the role of the state and the social structure. The new social structure forged a sociopolitical coalition of three social classes: the middle petite bourgeoisie, the urban working class, and the rural poor. This coalition was targeting the common enemy which was Egypt's upper class land bourgeoisie. By the time, the three social classes' coalition gain benefits from the state's expansionist-interventionist role as well as defeating the upper class land bourgeoisie.[37]

Under Nasser, Egypt declared itself as socialist. The Socialist state was characterized by nationalizing of private sector banks and companies, heavy taxation for private sector goods and services, adoption of plan-based economic and social development strategy and a small-scale agrarian reform. The Socialist was quite successful in redesigning the economic structure of the country.[38] Nasser's policy of state distribution provides acceptable living standards to the masses. It offered employment in the expanding state's public sector and provided subsidized food, energy, health and housing to the lower and middle-class groups. Nasser summarized his own ideological commitment to equalizing the social and political opportunities as follows:

[36] Farah, Nadia Ramsis. 1994. "Political regime and social preference: the case of Egypt." In *Developmentalism and Beyond,* edited by Ayse Oncu, Caglar Keyder, and Saad Eddin Ibrahim. Cairo: American University in Cairo Press.

[37] See Ibrahim 1994, p. 27

[38] Ates, Hamza .Mehmet Duman andYuksel Bayraktar.2006. "A story of Infitah: Egyptian liberalization under stress." Economic review 17(1):56-77

> I want a society in which class distinctions are dissolved through the equality of opportunities to all citizens. I want a society in which the free individual can determine his own position by himself, on the basis of his efficiency, capacity and character.[39]

In order to achieve the political and economic agenda of state hegemony, the new military elites try to reshape the old power relations by removing the old elites and create new supporter class. The land Reform low of 1952, for example, aimed not only improving the distribution of landownership in the countryside but to "bring a substantial group of the poor peasantry into the social coalition supporting the new regime."[40] Economically, the regime achieved significant socio-economic gains which should not be underestimated. In comparison with other nations at similar levels of economic development or to other periods of Egyptian's history, the people made real gains in their living conditions.[41] Nasser's era was characterized by achieving a high level of income equity, reinforcing the position of the middle class, creating massive state enterprise, and minimizing the old elites, the center, and power. Therefore, it can be said that Nasser's period witness a minimum level of center-periphery division in the socio-economic dimension.

In the wake of Nasser's death, his successor Sadat, in 1971, initiated a process of economic liberalization called *Infitah* (Open Door Economic Policy). The declared goals of the liberalization process were to attract foreign investment capital to Egypt from the oil-rich Arab states and western technology and investment through joint ventures with Egyptian public or private enterprises. *Infitah* aimed also to promote the Egyptian exports and to stimulate the private sector, as well as bringing Egypt's trade with convertible currency economies more nearly into balance.[42] Farah argues that the implicit

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[39] Wickham, Carrie Rosefsky. 2002. *Mobilizing Islam: Religion, Activism, and Political Change in Egypt*. New York: Columbia University Press, P.25

[40] See Farah 1994,p. 143

[41] Cooper, Mark N. 1982. *The Transformation of Egypt.* London: Croom Helm.

[42] Waterbury, John. 1985. "The "soft state" and the open door: Egypt's experience with economic liberalization, 1974-1984". *Comparative Politics* 18(1): 65-83.

goal of the economic liberalization under Sadat was to transform the dominant power relation and create new "capitalist elite" to lead the economy. This "capitalist elite" was strengthened and become a social force during Mubarak's presidency.[43]

Mark Cooper argues that Economic liberalization process was an "utter disaster" because it produces none of the benefits that the government had projected.[44] The Open Door policy failed to bring a credible amount of foreign direct investment. The Arab investment accounted for 23 percent, and the western investment amounted to only 16 percent. The Egyptian economy shifted from the productive sources of income to unproductive income. In 1980, while neglecting central sectors such as agriculture and manufacturing, the Egyptian economy transformed into a rentier economy relying on external sources of income. That is why the *infitah* policy failed to generate employment for an expanding labor force. The Egyptian economy experienced a jobless growth; the unemployment increased from 2.2 percent in 1960 to 4.3 percent in 1976 and jumped to 11 percent in 1986.[45]

The economic liberalization policy has a momentous consequence on social structure; a formidable "socioeconomic-political coalition" was formed from distinct elements of the center. Different groups such as the old land bourgeoisie which has Western connections and the former managers and technocrats of the public sector, though different in the background and values, had common economic interests which collect them into a new bourgeois class. The main characteristic of the new bourgeoisie class was the intermarriage between the old and new money on one hand and the ruling elite on the other.[46] The interaction between money and power means that the new classes and their big businesses benefit from the state in joint ventures. The state's decisions

[43] Farah, Nadia Ramsis. 2009. *Egypt's Political Economy: Power Relations in Development.* Cairo: American University in Cairo Press, p. 24
[44] See Cooper 1982, p. 106
[45] See Farah 2009
[46] See Ibrahim 1994, p. 124

were in favor of big businesses as a result of personal connections between the state and the new bourgeoisie. At the same time, SMEs have been deprived access to the same attractive rules offered to large firms.[47] Accordingly, it is not "merely that a new class of fat cats or 'openers' are becoming colossally rich, but that in the frenzy of the new consumerist order the entire society is abandoning its ancient values in headlong pursuit of individual material gain."[48]

During Mubarak's presidency, the state continued to support the big businesses, and the connection between them became stronger while SMEs remain on the sideline. SMEs excluded from the state networks and remained unprotected from the depredations of the state because of the lack of personal access to state patronage network and the absence of organized group that could defend their collective interests. The Mubarak's regime was unsuccessful in term of reducing the gap between the rich centre and poor periphery as it had not enjoyed much success in shifting the investments from consumption to production.[49] The economic resources distribution systems implemented by the state depend on political rather than pure economic criteria. The distribution systems are designed in order to meet the regime security requirements rather than the fulfillment of targets of social justice or economic achievements.[50] In short, the economic liberalization generates a new socio-economic structure in which the gap between periphery masses, the loser, and the center elites, the winners, was increased. The loser-winner division was the main motivation for adopting different political and economic preferences and formation of political alliances.

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[47] Gumuscu, Sebnem. 2010. "Class, Status, and Party: The Changing Face of Political Islam in Turkey and Egypt." *Comparative Political Studies* 43 (7): 835-861.
[48] See Waterbury 1985, p.72
[49] Springborg, Robert. 1989. Mubarak's Egypt. Boulder, CO: Westview.
[50] Farah, Nadia Ramsis. 1991. Science, ideology and Authoritarianism in the middle east economy." In the *contemporary study of the Arab world*, edited by E.L. Sullivan and J.S Ismael. Edmonton: the University of Alberta Press

Political Islam in Egypt

Political Islam has become the most popular framework of resistance to the autocratic Middle Eastern regimes and the new regional political economy. In Egypt, political Islam emerges as an outcome of many overlapping developments; such as the defeat of secular Arab nationalism in the Arab-Israeli war of 1967 and the vanishing of economic nationalism exemplified by Sadat's announcement of an "open door" (*infitah*) policy in the 1970s. Moreover, the new regulation of the social spending dictated by the international financial institutions led to polarizing of the state income's distributions. The state became unable to provide previously established levels of services to all sectors of its territory and population, undermining the terms of the social compact established in the era of the banner of Arab nationalism and Arab socialism. The failure of the state in building a stable social structure enabled the Islamic movements to speak in the name of resistance to foreign domination and exploitation of the people. Those movements gained a remarkable popularity through offering the social services that the state could no longer afford especially to the poor and low-class areas. Populist elements in the Islamist discourse linked the corruption and autocracy of state elites with their inability to provide social services, jobs with a living wage, and an attractive future.[51]

Although many other Islamist groups existed in Egypt, the MB has always been the dominant representative of Islamic activism in Egypt. Islamic groups, particularly the MB, became the focal point of frustration with the government. On the one hand, the MB was able to provide social services such as healthcare clinics, schools, and charity assistance to those in need as well as

[51] Beinin, Joil. 2004. "Political Islam and the New Global Economy: The Political Economy of Islamist Social Movements in Egypt and Turkey." Paper prepared for the conference on French and US Approaches to Understanding Islam France-Stanford Center for Interdisciplinary Studies September 12-14, 2004

services that were more Islamic in nature such as financial assistance to perform Islamic pilgrimage.[52] The Islamist social activism in Egypt was

> rooted itself in the new urban quarters inhabited by the less well-off segments of society. Lacking social services, these neighborhoods quickly developed informal networks of mutual aid. Islamists have adopted the same strategies that are pursued by people in the communities where they have been active."[53]

On the other hand, the organizational superiority of the BM offered them an extensive presence at the grassroots level. The MB was able to campaign on a unique platform declaring its panacea for Egypt's ill-run economy and society. The MB saw itself as the representative of Islam, in the political arena and encouraged the voters to cast their votes for Islam: "Give your vote to Allah, give it to the Muslim Brotherhood."[54]

Political Islam in Egypt reflects the rebellion of the impoverished and morally outraged middle class. The crucial point is that the marginalized lower-middle class became acutely aware of their marginalization. A product of Nasser's welfare-state boom, they were losers of Sadat's policy that opened the country to the Western economic, political, and cultural influence. For them, political Islam represents an ideological package that negates all the perceived causes of deprivation such as economic dependency and cultural selling-out. The losers of the state's failed ideologies[55] consider Islam as the only indigenous doctrine that could bring genuine changes.[56] The collective identity of the periphery groups is built around their economic grievances and social inequity because of the dominance of the powerful center in the

[52] Wickham, Carrie Rosefsky. 2002. *Mobilizing Islam: Religion, Activism, and Political Change in Egypt.* New York: Columbia University Press.
[53] Ismail, Salwa. 1994. *Radical Islamism in Egypt: Discursive Struggle*. Montreal: The Inter-University Consortium for Arab Studies, p.37
[54] See Wickham 2002, p.92
[55] Such as Nasser's socialism, Sadat's capitalism and the western cultural, political and economic onslaught
[56] See Bayat 2007

decision-making process. Thus, the peripheral groups in Egypt perceive the MB as their political voice that can express their grievances.

Conclusion

Class conflict has been a "reality everywhere."[57] The political behavior of the political parties in most cases reflects social conflict.[58] This chapter shows the similarity of the social structures in Turkey and Egypt. Applying the three conditions suggested by Lipset and Rokkan concerning the social grouping in Turkey and Egypt displays that social cleavages in these countries are real, and the political representations of these cleavages do shape the ideology of the political parties. According to 'center-periphery' framework, the center represented by the secular elites has dominated the political and economic power. Secularism has been the identifying characteristic of the bureaucracy, military, big business, and urban upper classes. By contrast, the periphery represents the social groups which were marginalized and excluded from the political and economic power such as lower-middle class, professionals, and SMEs. Islamism has been the identifying contours of the peripheral identity. In both countries, the division between the center and periphery revolves around two dimensions: secularism-religion and socio-economic power.

In both countries, the social conflict was one of the main reasons behind the emergence of Islam as a political representative of the peripheral groups. The alliance between political Islam and the peripheral groups built around their mutual interest which is the political resistance to the state, which is represented by the corrupt secular elites. Therefore, any change in these peripheral group's political preferences may lead the political Islamist to

[57] Lipset, Seymour Martin.2001 "Cleavages, parties and democracy." In *party system and voter alignments revisited*, edited by Lauri Karvonen and Stein Kuhnle. London:Routledge, P.5
[58] Ibid

recalculate their political platform. Next, chapter three will show the ability of political Islamists to adopt the moderate political platform which is compatible with democratic values. Moreover, chapter four and five will explain the relationship between diverge implementation of economic liberalization and the changes of the peripheral groups statue which lead to the moderation of political Islam.

CHAPTER THREE

Moderation of Mainstream Political Islam in Turkey and Egypt

After introducing the rise of political Islam in the Middle East countries, this chapter has two main parts. The first part provides a short history of political Islam in Turkey represented by the National Outlook Movement (NOM) and the AKP. The second part discusses the origins of political Islam in Egypt and its political ideology. By examining the ideological changes of the MB during the last years, this chapter assesses these changes as hesitant and indecisive steps toward moderation. However, MB maintains its position as the largest opposition movement despite the emergence of other moderated groups.

The Rise of Political Islam

Throughout history, Islam is a valuable and popular phenomenon in the Islamic society's culture. The relationship between Islam and politics is one of the complex issues that shaped the history of the Islamic societies. Despite its religious doctrine, many believe that Islam is a complete system that gives general clues to the believers on the way in which they construct their social, economic and political life. In this regard, Islam is understood as a sense of "inspiration, explanation, guidance, solace and fulfillment for life in this world and beyond."[1] Therefore, many groups used Islam as a political ideology

[1] See Fuller 2003, p. 17

because of "the belief that the *kora'n* and the *Hadith* have something important to say about the way society and government should be ordered."[2] However, political Islam, or the process of Islamization of political activities, did not mean that these activities have the same understanding of the way in which the society should be ruled and organized. The political activities of the Islamists are mostly determined by the "context within which they operate."[3] In other words, the nature of political Islam is a dynamic system which can be changed according to economic factors, social changes, cultural structure and political environment in which it operates.

The collapse of the Ottoman Empire, after the end of the First World War, ushered in an age of secular reforms. Although they aimed to improve the efficiency of state's institutions, these reforms are associated with the undermining of certain aspects of identity, especially regarding Islam's relation to the social and political life of individuals. The abolishment of Ottoman caliphate[4] and the replacement Islamic political traditions with the Western values were viewed as manifestations of cultural imperialism. The absence of Islamic central authority encouraged the emergence of local Islamist societies and organizations with different political loyalties.

Political Islam emerged in the nineteenth century as a reaction to Westernization and colonialism in the Muslim world. Ottoman intellectuals were among the first Islamists who argued for Islam's superiority over Western decadence. These elites claimed that Islam could provide an alternative solution to modern social and political problems.[5] However, the foundation of

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[2] Fuller, Graham E. 2002. "The Future of Political Islam." *Foreign Affairs,* 81 (2):48-60, p. 49

[3] Ayoob, Mohammed. 2008. *The many faces of political Islam*. USA: The university of Michigan press, p. 15

[4] Under the Ottoman Dynasty the Ottoman Empire inherited the responsibility of the Caliphate and claimed the Caliph authority. From 1517 onwards the Ottoman Sultan, started with Mehmed II, came to be viewed as the de facto leader and representative of the Islamic world. From Constantinople (now Istanbul), the Ottomans ruled over an empire that covered Anatolia, most of the Middle East, North Africa, the Caucasus, and extended deep into Eastern Europe. Abdul Mejid II, who lost the Sultanate, kept the Caliph position for a couple of years, but with Atatürk's reforms, the caliph position was abolished in 1924.

[5] Taniyici, Saban.2003. "Transformation of Political Islam in Turkey: Islamist Welfare Party's Pro-EU Turn" *Party politics 9*(4):463–483

Islamic movements in the nineteenth and early twentieth century did not prevent the nationalist movements from dominating the political scene in the Muslim world until the 1970s as a political Islamist groups succeeded in mobilizing Islamic communities. In the late twentieth century, the Islamic ideology seemed more convincing than nationalism doctrine.

There are political, cultural and economic factors that make the nationalist regimes on the defensive, battered by Islamist electoral challenges or even armed insurrections. Politically, during the 1970s, it became clear that nationalist regimes in the Muslim world had failed to create an inclusive sense of national unity. They were not able to fulfill interstate national unity projects. At the same time, they failed to deliver elementary services such as education and health to the citizens. The nationalist regimes had become increasingly corrupt and aloof, ruled by inbred elites. Culturally, growth of urbanization, in big cities like Cairo and Istanbul, triggered a host of cultural changes. Heterodox Muslims coming from the countryside began to interact with the established urban elites, usually in the way that expanded the constituency of orthodox versions of Islam. Economically, the nationalist regimes failed to generate successful economic developments. The gross domestic product in many Muslim countries fell by half after the oil prices collapse in the 1980s; therefore, the states had to cut their subsidies and public employment programs. The economic policies benefited only a minority while alienating large sections of the population, including the merchants and shopkeepers who formed the backbone of many Islamic movements.[6]

Political Islam focuses more on highlighting the inability of nationalist regimes to overcome the problems of poverty and inequality. Globalization process imposed the limited ability of the nation-state on the redistributive capacities. Globalization is an uneven process in terms of its impact on nation-

[6] Sadowski, Yahya. 2006. "Political Islam: Asking the Wrong Questions?" *Annual Reviewof Political Science* 9 (2): 215-240, p. 222,223

states, regions and social classes because it creates a set of winners and losers. The fragmentation and rootlessness sense implied by Globalization produces a yearning for religion and tradition. Therefore, Political Islam is a "regional manifestation" that creates a "counter-hegemonic discourse" against the pattern of authoritarian regimes in the region by the excluded groups from material benefits of globalization.[7] Thus, Islamism as a political ideology emerged to represent the social groups that are excluded from real economic and political power in their respective societies. The dominant themes of the Islamic parties, which represent the NOM in Turkey, are the expressions of the grievances of small businesses and peripheral groups.

The Rise of Political Islam in Turkey

In most of the Middle Eastern states, Islamist groups used Islam as a political tool to achieve political and social goals. Turkey, however, has a similar story though distinctive history. The politicization of Islamic identity in Turkey is an exceptional experience because of "Turkey's early experience with Kemalism as a generic ideology of modernization and nation-building." Yet, it has a "particular importance for understanding this phenomenon."[8] In Turkey, the Islamic identity has played a decisive role in uniting people around the National Resistance Forces in the War of independence in 1919. The politicization[9] of Islamic identity started soon after the foundation of the secular republic in 1923.[10] Nevertheless, during the revolutionary period, started in 1923, Islam was evaluated as an obstacle in the positivist modernization project of the republican elites that aimed at westernization,

[7] Onis, Ziya.2006. "The Political Economy of Turkey's justice and Development Party." In *The Emergence of a New Turkey: Democracy and the AK Parti* edited by Hakan Yavuz. Salt Lake City: University of Utah Press. Pp. 207-34, p. 282

[8] Yavuz, Hakan. 2003. *Islamic Political Identity in Turkey*.UK: Oxford University Press, p. 7

[9] There are some studies argue that the history of the Islamist movements goes back to the 19th century Ottoman rule. Here, I will focuses on the Islamist movements in the Turkish republic.

[10] Narli, Nilufer. 1999. "The Rise of the Islamist Movement in Turkey." *Middle East Review of International Affairs* 3 (3), p.1

secularization, and modernization. The founders of the Turkish republic realized that "religion is a multi-functional peg on which values, personalities, ideologies and power could be hung."[11]Therefore, the republican elites planned to control the Islamic political activities. Islam, from then on, however, began to assume a different role, in which political Islam is "a movement of the 'counter-elites' who are aiming for upward mobility in opposition to the secularist social actors privileged by their proximity to the Kemalist state and ideology."[12]

Between 1923 and 1950, Turkey was officially ruled by the Kemalism ideology. The core characteristic of Kemalism is laicism, which aims to purify social and cultural life from religion and limits religion with individual conscience. The Turkish power elites have "conceived Islam as a threat to their moderation movement, reforms, and progress."[13]That is why the Islamic political activities, which were led by *tarikat sheikhs,* as well as professional men of religion who lost their status and economic power when secular reforms abolished religious institutions, failed to gain wide support and "stayed underground during the era of one party rule."[14]

The establishment of a multi-party system in 1946 was a prominent "turning point" in the rise of political Islam in Turkey. By establishing this system, the RPP lost its monopoly on power. Thus, many parties started to compete for power, and Islam became an influential factor in attracting votes. The pious rural periphery groups, which had largely been excluded from politics since the establishment of the republic in 1923, became a powerful political constituency. The conservative political parties started to take the

[11] Mardin, Serif . 1971. "Ideology and Religion in the Turkish Revolution." *International Journal of MiddleEast Studies* 2(3):197-211, p.208
[12] Gulalp, Haldun. 2001. "Globalization and political Islam: The social bases of Turkey's Welfare Party." *International Journal of Middle East Studies,* 33 (3): 433-448, p.434
[13] Yilmaz, Ihsan. 2002. "Secular Law and the Emergence of Unofficial Turkish Islamic Law." *Middle East Journal* 56 (1):113-131, p.130
[14] See Narli 1999, p. 1

interests of pious groups in consideration.[15] When the Democratic Party came to power in 1950, it showed more flexible and tolerant policy toward Islamic practices. Graham Fuller noted that "modern Turkish history from 1950 on has demonstrated a gradual process of redressing Kemalist ideological excesses" and returning to more comfortable and normal relations with Turkish culture and historical past.[16]

The National Outlook Movement (NOM)

In modern Turkey, the political movement based on Islam as a political ideology that first emerged in the 1970s is

> a generic title expressing the specific tradition which has produced various political parties with religiously informed agendas in Turkey. It is a particular synthesis of religious and non-religious themes and represents an attempt to reconcile traditional Islam and modernism at the political level.[17]

The movement formally appeared on the parliamentary scene in 1970 with the formation of the National Order Party (NOP) by Necmettin Erbakan. However, the military closed the party in 1971. In 1972, the NOM founded the National Salvation Party (NSP) under the same leadership. The NSP remained a medium-size party in the 1970s, and its national vote share never exceeded 12 percent. Nevertheless, it played a crucial role in politics between 1972 and 1980 because of the peculiarities of the parliamentary arithmetic.[18]

The NSP's slogan was "A Great Turkey Once Again." The party proposed solution to Turkey's problems was to return to Islam's teachings and a "Muslim way of life." It declared that the process of Westernization had

[15] See Rabasa and Larabee 2008, p. 35
[16] Fuller, Graham. 2008. *The New Turkish Republic*. Washington: United States Institute of Peace Press, p. 17
[17] Yıldız, Ahmet. 2003. "Politico-Religious Discourse of Political Islam in Turkey: The Parties of National Outlook". The Muslim world 93(2):187-209, p. 188
[18] Ozbudun, Ergun.2006. "From Political Islam to Conservative Democracy: The Case of the Justice and Development Party in Turkey." *South European Society and Politics,* 11(3-4): 543-557, p. 544

fragmented Turkish society. NSP believed that industrialization, based on "native" heavy industry created by Anatolian capital, would create a strong nation and a leader of the Muslim world. In place of ties to the West, the NSP favored the creation of a Muslim Common Market, and the development of a Muslim Defense Alliance. The NSP, however, was closed down after the military intervention of 1980.[19]

The Welfare Party (WP)

After the close-down of the NSP in 1980 along with other political parties by the military regime, the NOM founded a new political party named the Welfare Party (WP). The party was founded in 1983 under the leadership of Erbakan. In the 1985 local elections, the WP received 4.8 percent of the vote. It increased the share of its vote to 7 percent in the general elections of November 1987, yet failed to pass the 10 percent countrywide elections threshold. The party had a more promising and encouraging result in the 1989 local elections by receiving 9.8 percent of the votes, gaining mayor position of five provinces. This trend in the rise of the WP continued throughout the 1990s.

Under Erbakan's leadership, the WP addressed different groups in the Turkish society, particularly the new rural areas migrants to urban areas as well as the owners of small and medium enterprises. In the early 1990s, the WP stressed more on social problems rather than on religious themes. This policy continued right up to the March 1994 local elections in which the WP proved its growing political power, receiving 19 percent of the vote and capturing the mayor position of 28 provinces. The real shock came with 1995 when WP came to power as a major force with 21 percent of the vote in the parliamentary elections. The WP formed a coalition government and Erbakan

[19] See Rabasa and Larabee 2008, p. 41

became the prime minister. After long waiting, the Turkish political Islam came to power, holding a prime ministerial position.[20]

There are several factors that facilitate the WP's strong showing. In addition to the shift in its political agenda, which put a stronger emphasis on social issues, the WP's "Just Order" program allowed it to gain valuable support among the urban poor who traditionally had voted for the other parties. The WP was the best organized of all the political parties, with a legion of devout Muslims, especially women, who did volunteer work for the party and provided a network of social-welfare help to the poor. WP's grassroots network was extremely effective, working in the poor urban areas, helping residents find jobs, providing hospital and health care, distributing free food, and providing other social amenities. WP benefited from the increasing disappointment with the West. After EU's rejection of Turkey's membership application at the December 1989 summit, a strong anti-Western backlash generated among Turks because they think that cultural and religious biases motivated this rejection. In addition to that, they saw the West's failure to stop the killing of Muslims in Bosnia from the same angle. All these events gave resonance to party's strong anti-Western rhetoric.[21] In general, the WP can be viewed as a protest movement. It successfully mobilized the reactions of those voters who saw themselves deprived by the privileged class of so-called "White Turks." For the voters of WP, citizenship was an empty concept. They believed that the pretext for their exclusion from access to power through the closure of the parties they were supporting was their religious allegiance.[22]

However, as the WP won the election, its political agenda had not been prepared to take an action for the country's economic, political, and social problems. Moreover, the WP government's policies soon created serious

[20] Dagi, Ihsan. 2005. "Transformation of Islamic Political Identity in Turkey: Rethinking the West and Westernization." *Turkish Studies* 6 (1): 21-37, p.6
[21] See Rabasa and Larabee 2008, p. 43
[22] See Yildiz 2003

frictions with the military, the secular state establishment, and most of the leading civil society organizations. These problems ended with resignation of Prime Minister Erbakan in the 28 February[23] process. The military commanders strongly criticized the government and demanded strict measures against religious reaction, led to the resignation of the Erbakan government, and eventually to the prohibition of the WP by the Constitutional Court in 1998, for having violated the secularist principles of the Turkish constitution.[24]

The Ideology of National Outlook Movement

Although the Turkish constitution proscribes the religious parties, the NOM has presented Islam as the prime referent for its political, social and political policies. It is true that the outlook movement's political parties have never declared the establishment of a political regime dependent on *shari'a*, however, the movement pointed Islam as the framework of an ideal political order and the NOM's leaders were closer to the Islamist ideology than the state system. It is clear that when the representatives of the NOM talk about "moral and spiritual values" they mean Islam. Islam is, therefore, at the main core of the NOM.[25] Erbakan claims that "other parties have voters whereas WP has believers."[26] Erbakan's political parties, especially the WP, are "not only a party but also a larger Islamic social movement that seeks to reconstruct many traditional aspects of society from cuisine to political exchange."[27] Indeed, the NOM received a significant support because of its religious discourse.

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[23] It refers to the process that started with the dramatic meeting of 28 February 1997 of the National Security Council (NSC) at which the Council took a number of decisions to reinforce the secular character of the Turkish state. The process ends with resignation of Prime Minister Erbakan and the end of his coalition government. The process was described as postmodern coup because Erbakan's government was forced out without dissolving the parliament or suspending the constitution.

[24] See Ozbudun 2006, p. 545

[25] Atacan, Fulya. 2005. "Explaining Religious Politics at the Crossroad: AKP--SP." *Turkish Studies* *6*(2):187-199, p. 190

[26] See Yildiz 2003, p. 193

[27] Yavuz, Hakan. 1997. "Political Islam and the Welfare (Refah) Party in Turkey." *Comparative Politics* 30 (1): 63-82, p. 65

After the establishment of NSP, the NOM started to raise its Islamic tone. Erbacan criticized the parliamentary democracy considering it as a Christian and Jewish trick to deceive the faithful. He believes that only Islam is in harmony with human nature and the Islamic law and jurisprudence ought to reign supreme in all realms of life.[28] In this regard, Erbakan's rhetorical calls "reflected many of the classical themes of the main-stream Islamists in other parts of the world."[29]

Bahri Zengin, who was one of the leading members of the NSP, WP, VP and SP claimed that NOM meant to establish a new civilization which depends on the relationship between God, human beings and the universe. He believed that:

> The West has not been able to create a world or a political system free of domination. Here is the main difference between East/Islam and others. According to Islam, sovereignty belongs to God, but this does not mean that somebody can dominate nature or a group of people in the name of God. It simply means the emergence of a new model where nobody can dominate the other. That is why the political philosophy is different. Everybody is equal before the law. Western philosophy is based on domination and hence on power. As a result, it is colonialist and imperialist. That is why the West uses different ways of discrimination against others in the name of civilization, evolution, etc. In this framework NOM is the name of a movement which tries to establish a new civilization in the world.[30]

This argument, however, leads to an examination of the NOM relation with the West. In general, opposition to the West and Western ideologies is a common theme within political Islam. Anti-westernization had always been a breeding ground for traditionalist Islamist movements. NOM, after all, is not an exception. The NOM conceived the West as "the mother of all evils" and as such represented the absolute "other." The anti-West and westernization served

[28] Ayata, Sencer. 1993. "Rise of fundamentalism and its institutional framework." In *the Political and Socioeconomic Transformation of Turkey,* edited by Eralp, A and Tuany, M and Esilada. B.Y Westport. CT: praeger publishers. pp. 51-68, p. 62

[29] See Fuller 2008, p. 41

[30] See Atacan 2005,189

as a catalyst for the NOM identity formation, public discourse and policies. It differentiated itself from other political movements by taking a critical stand on the westernization of Turkey. For the NOM's leadership, the early republican understood westernization as a denial of the traditional values, attitudes and institutions. Thus, not only was Western domination in Turkey to be eliminated to build a "national order," but also Westernization. The NOM regarded the impact of Westernization on the Islamic identity more dangerous than the West itself. They consider the illness of the Turkish society as a direct result of the replacement of Islamic-Ottoman tradition with the Western values.[31] That is why Erbakan continues promising his supporters that he will put an end to the Westernization process once he comes to power.

For NOM, like any other classical Islamist movements, religion comes first in shaping relations with other countries. At a press conference in 1970, Erbakan stated that his party (at the time the NOP) was against Freemasons, Communists and Zionists. This position remained a part of the platforms of the NSP and WP. The WP opposed Turkey's efforts to join the European Council (EC) and described it as a 'Christian' organization. Erbakan regarded the "application of Turkey for the full membership in the EC as treason to [the Turkish] history, civilization, culture, and sovereignty."[32] He proposed Muslim alternatives to the EU as well as the UN.[33] The widespread of anti-West ideology among the Turkish people in the early 1990s served the interest of the WP and its foreign policy that is based on religion and Islamic nationalism, *umma.* While in office, Erbakan makes his first official visits to Iran and Libya. He advocated an essentially third-wordlist policy, much closer relations with other Islamic countries, an Islamic common market and Islamic monetary unit.

[31] See Dagi 2005, p. 4
[32] Taniyici, Saban.2003. "Transformation of Political Islam in Turkey: Islamist Welfare Party's Pro-EU Turn" *Party politics* 9(4):463–483, p.470
[33] Bishku, Michael B.2006. "How Has Turkey Viewed Israel?" *Israel Affairs* 12(1): 177-194.

The WP proposed a system of "multiple legal-orders" in which the WP represents civil society against the state. In WP's view, the modern nation-state is a totalitarian state because it centralizes power, law, education and culture, and attempts to create a uniform society. Therefore, civil society would have autonomy from the state, and the minority would have autonomy from the majority. In the NOM's vision of democracy, the community takes priority over the state. The rule of the majority over the minority should be replaced with "pluralism," whereby each community should be governed by its own belief system. The role of the state would be to guarantee the autonomy of each community.[34] In this vision, the concept of democracy is also connected with the ideal of establishing the ethic order. Erbakan and other party spokesmen stated that democracy was not the aim, but only a means; the aim was to establish the "order of happiness", apparently a reference to the time of Prophet Muhammad.[35] The NOM seeks to establish the Order of happiness because they have "considered the WP as the political expression of the Turkish part of the *umma* or global Muslim community."[36]

The programs of the political parties which represent the NOM show that their ultimate goal is to achieve a "moral order" or "spiritual order" where the education in moral and ethical matters is a top priority. The NSP and WP programs assert apposition of the Islamic moral order to both the communist and the materialist-capitalist systems, which are based on the pursuit of self-interest. Capitalism in NOM view means the monopolistic big business, including both multinational corporations and domestically owned and government, supported large industrial enterprises. However, NOM opposition

[34] Gulalp, Haldum.1999. "Political Islam in Turkey: The rise and fall of the *refah* party." *The Muslim World* LXXXIX (1): 22-41, p. 28
[35] See Ozbudun 2006, p. 454
[36] See Yildiz 2003, p. 187

to the monopolistic capitalism did not mean that it opposes the private property or profit making. [37]

Division in the NOM

On February 28, 1997, the National Security Council formulated "the February 28 decisions" which declared that "Islamic fundamentalism in Turkey has become as dangerous as Kurdish separatism and should be fought by all available means."[38] This process had a decisive impact on the future of NOM and its orientation. Many members of NOM deemphasized the religious agenda because they concluded that it could not succeed with a direct confrontation with the secularists. The new orientation sparked an intense internal debate about the movement's future political strategy and agenda.

After the formation of Virtue Party (VP), a growing philosophical and political rift emerged within the movement between two different groups. The "traditionalists" centered on Erbakan and his chief lieutenant, Recai Kutan, opposed any serious change in NOM's policy, while a younger group of "modernists," or "reformists", who opposed Erbakan's authoritarian leadership style, called for greater inner-party democracy. They argued that the movement needs to rethink its approach to a number of fundamental issues, particularly democracy, human rights, and relations with the West. The leader of this group was Recep Tayyip Erdogan, the mayor of Istanbul, and his close associate Abdullah Gul.[39] Indeed, the platform of the VP reflected the division among the NOM's factions. Unlike WP, which was ideologically hostile to the West and Westernization, the VP began to embrace Western political values. Dagi notes that this was the "irony of the VP" during its rather short lifespan from 1998 to 2001. The party seemed to have abandoned not only its opposition to

[37] See Gulalp 1999, p. 26
[38] See Atacan 2005, p. 193
[39] See Rabasa and Larabee 2008, p. 45

the West but also "adopted western political values such as democracy, human rights and the rule of law as part of its new discourse."[40]

The closure of the VP by the Constitutional Court in June 2001 split the Islamic ranks. The 'traditionalists' organized under the name of the Felicity Party (FP) led by Recai Kutan, the former leader of the dissolved VP, with Erbakan exerting the real leadership behind the scenes. At the same time, the 'moderate' founded, on 14 August 2001, the AKP under the leadership of Recep Tayyip Erdogan, former mayor of Istanbul. Unexpectedly, in November 2002 parliamentary election the AKP came to power with 34.3 per cent of the vote and almost two-thirds of parliamentary seats, which enabled it to form the first single-party government since 1991. The FP remained a minor party with only 2.5 per cent of the vote, failing to pass the 10 percent national threshold to gain a seat in the parliament.[41] The 2002 election was the worst elections the NOM ever had since its formation in 1970, indicating that the Islamist era, in which the hardliner Islamist represent the religious periphery has come to an end. At the same time, a new era for a moderate Islamist party just started.

The next section examines the reality of the AKP moderation through discussing the party's views concerning Islam, democracy, EU and economy.

AKP's Moderate Ideology

AKP represents a significant step to leave NOM. According to Graham Fuller, the significance of the AKP is that "it was the first party to break free of the more traditional Islamist influence of Necmettin Erbakan, who led four successive Islamist parties from 1970 to 1997."[42] In fact, the AKP split not "only from the leadership but also from the ideology of the old pro-Islamic circles."[43] The Party's self-definition as a "conservative democrat party"

[40] See Dagi 2005, 8
[41] See Ozbudun 2006
[42] See Fuller 2008, p.49
[43] Dagi, Ihsan. 2008. "Turkey's AKP in Power." *Journal of Democracy* 19(3):25-30, p. 27

indicates that the AKP wants to be a center-right party in Turkish political life. The AKP's party program shows that the party seeks to promote democracy and free market economy with minimal state intervention in the economic activates. In general, we can say that AKP reconstructs its identity on pluralism, citizenship consciousness and free market economy, while the NOM and its FP still maintain the role of moral and spiritual values in overcoming the economic and political difficulties.

AKP's View on Islam and Democracy

The role of Islam in politics is one of the important areas of divergence between AKP and NOM. Unlike NOM, AKP rejects Islamism as a social, economic and political project. Although the leaders remain individually committed to Islam as a religion, they dropped the idea of developing an Islamic political ideology. The AKP program rejects the use of religious values for political purposes (AKP program).[44] By doing so, the AKP represents "a shift from 'political' to 'social' Islam."[45] According to the party program, AKP adopted a new discourse concerning Islam and secularism. Under the fundamental right and freedom section, the AKP program views religion and secularity as the following:

> Our party considers religion as one of the most important institutions of humanity, and secularism as a pre-requisite of democracy, and an assurance of the freedom of religion and conscience. It also rejects the interpretation and distortion of secularism as enmity against religion. Secularism is a principle which allows people of all religions, and beliefs to comfortably practice their religions, to be able to express their religious convictions and live accordingly, but which also allows people without beliefs to organize their lives along these lines. From this point of view, secularism is a principle of freedom and social peace.[46]

[44] AKP programme Available at www.akparti.org.tr
[45] See Dagi 2008, p.29
[46] See AKP program, section 2.1

The AKP conceives and frames secularism as a matter of democratization and wants it to be conceived as such so that consensus between the parties can be achieved. For the AKP, then,

> the choice is not between Islam and the West or between alienated elite and its pious contenders. The choice for the AKP is between old and new understandings of modernization.[47]

In Conservative Democracy, the party's statement of ideology, Islam is explicitly mentioned only in the section that discusses whether Islam and democracy are compatible with each other. According to Conservative Democracy ideology, Islam and democracy are not in conflict. It specifically states that although "religion is sacred, religious ideas are not sacred, and there can be more than one idea in the public sphere."[48] Such an understanding of the ideas of religion makes, they believe, the idea of pluralism acceptable.

The AKP approach towards democracy is another valuable indicator of the differences with NOM. Whereas NOM considers democracy as a means to establish the Order of Happiness, AKP sees democracy as an end in itself. Moreover, the AKP program places the individual in the center of the political process, while NOM put the community before the individual. The AKP emphasized democracy as a form of government where the individual citizen participates in formulating the rules. For the AKP,

> basic decisions related with the public life are made by those who are elected. In a democracy sovereignty belongs to the people and this feature is a basic quality separating democratic regimes from all other regimes.[49]

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[47] Cinar, Menderes. 2006. "Turkey's Transformation Under the *AKP* Rule." *The Muslim World*, 96 (3):469-486, p. 476

[48] Barsalou, Judy.2005. "Islamists at the Ballot Box Findings from Egypt, Jordan, Kuwait, and Turkey." *United states institute of peace special report*, no 144, p. 8

[49] See AKP program, section 2.5

Emphasising the authority of people in the political life is the main indicator for denying the role of *shari'a* as a legal framework in society. During the first term in office, AKP takes many decisions[50] to expand the basic rights and freedoms. At the same time, the AKP asserted that its primary goal is to "limit the gap between the state and the public and integrate the common values of Turkish society into the policies of the Turkish state."[51]

AKP and EU

The sharp contrast between the AKP and that of the Islamist platform in Turkey was the position on EU membership. The party declared that securing admission to the EU would be a priority and a natural outcome of Turkey's history of modernization and Westernization. According to the party program, the relations with European nations should continue to be at the top of the list in Turkey's foreign policy agenda because Turkey has been in close relation with Europe both geographically and historically. For this reason,

> Turkey shall rapidly fulfil its promises in its relations with the European Union and the conditions, which the union demands of other candidate nations as well. Thus, it shall prevent the occupation of the agenda with artificial problems.[52]

The language of human rights and democracy and the goal of EU membership opened up the possibility of building a liberal democratic coalition with modern and secular sectors at home and abroad.[53] Moreover, the position from the EU membership shows that the party is earnest in its moderation and

[50] Such as abolishing the death penalty for all crimes, enhance gender equality and encourage women to participate in public life, freedom of expression, and lifting the bans against broadcasting in the language other than Turkish.
[51] See Barsalou 2005, p. 8
[52] See AKP Program, Section 6
[53] See Dagi 2008, p. 28

democratic policies because the leaders of the party know that it is impossible for Turkey to be a member in EU without being a democratic country.[54]

AKP and Economy

The economic policy of the AKP has also fundamental differences with the NOM economic policy. The NOM was highly skeptical about the integration into the global economy and focusing more on distributing welfare justly to the lower classes, while the AKP support strongly the comprehensive economic liberalization as well as encouraging Turkey's integration into the global economy. According to AKP program, the party position for a market oriented liberal economy is unequivocally clear: "the party favours market economy operating with all its institutions and rules."[55] At the same time, the party program mentions that the state should play a minimum role in the economic activities. The party "recognizes that the State should remain, in principle outside all types of economic activities, It defines the function of the State in the economy as a regulator and controller."[56] This means that the state role will be regulating the economic activities as a third party in order to minimize the limitation of the liberalization process, and encouraging the integration into the global economy. The party also believes that the state can withdraw from the economy through privatization of the state owned enterprises. The party program asserts that the party "regards the privatization as an important vehicle for the formation of a more rational economic structure."[57] Moreover, the foreign investment is seen as an important tool in developing the Turkish economy: "[The party] believes that foreign capital

[54] According to the Copenhagen Criteria, the memberships in the EU required declare pluralist democracy and individual liberties as well as functioning market economy.
[55] See AKP Program, Section 3.1
[56] Ibid
[57] See AKP Program, Section 3.1

playing an important role in the transfer of international know-how and experience, will contribute to the development of the Turkish economy."[58]

While in office, the AKP government achieved a considerable success in many directions. Since 2002, the economy is stabilized, and the inflation rate is steadily decreasing. Moreover, the party accelerated the process of integration with the EU. After fulfilling the Copenhagen Criteria,[59] accession negotiations with the EU began in 2005.[60] The successful privatization program, the engagement with the global markets and the global economy, the encouragement of foreign investment in Turkey, pursuing the relations with the IMF, and more involvement in the global economy indicate that the AKP is not on the path of Islamization, but globalization. In short,

> looking at the AKP's platform, its public discourse, its social base, and above all its record in government, one does not see an Islamist faction, but rather a globalist, market-oriented, pro-Western, and populist political party.[61]

In sum, the comparison between the NOM and the AKP shows that the AKP leaders seek to create a moderate party. The party's program demonstrates a strategic modernism that focuses on reducing the role of religion in the political agenda and increasing the democratic values. The AKP's political ideology and political behavior show that the Islamist groups have the ability to modify their political agenda.

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[58] Ibid

[59] The Copenhagen Council summit in 1993, determined many criteria for membership of the EU. The criteria were stable democracy, the rule of law, human right, the protection of minority rights, and the existence of a functioning market economy.

[60] See Cinar 2006, p. 470

[61] See Dagi 2008, p. 30

Comparing the NOM and the AKP

	NOM	AKP
Islam and Shari'a	-Islam is the centre of the social, economic and political system. -The social problem can be solved when the pious Muslims rules by using Islamic ideology framework.	-Islamic principles do not have any role in solving the social, economic and political problems. -In the party platform, there is no reference to the *Shari'a*
Economic policy	- preferring State-led economy under 'just order' - Against capitalist system, IMF, WB - Interest free economic system - Create Islamic common market, custom union, currency for Muslim countries	-Liberal market economy - Privatization of the state enterprises - Foreign investment - Integration to global markets - Cooperation with the IMF, WB
Foreign policy	-Religiously oriented foreign policy - Against the US and EU - Anti-Israel, Anti-Zionist - Create Islamic United Nations	-Integration to the EU - Become major player in the Middle East - Pro-Western -Strategic relations with the US
Democracy and pluralism	-Democracy is a means. -True democracy when pious Muslims govern. -NOM's parties represent the massage of God and they deliver the truth. -The community in the first priority	-Democracy is an end. -The citizens decide on which party to vote for by looking at their programs and policies -Religion should be kept out of political competition -Individuals in the first priority
Woman	-There is no explicitly discrimination against women, however, they emphasise that the women education focus more on child care and house work. -No women work unless they have to. -The woman are absent in the party leadership.	-The party support the greater political participation of the woman in the public life. -Encouraging the education and employment of the women. -woman and man have the same rights.
Education policy	-Religiously oriented - Education system based on spirituality and science	-Increase education of girls, especially in east and south east regions of Turkey -No emphasis on religion in education - Equality of graduates of religious schools in university exam
Freedom of expression	-The press should adhere to the ethical norms of the society and should not harm the national interest.	-Fully support the freedom of the press and freedom of expression -lifting the bans against broadcasting in other languages than Turkish.

Political Islam in Egypt and the MB

In Egypt, political Islam displays a different political story from that in Turkey concerning the political objectives. The resurgence of political Islam was revived during the end of pan-Arabism after the crushing defeats of the Arabs in the 1967 war with Israel. This humiliating defeat marked the start of an Islamic revival that grew to challenge nation-states in the Middle East Muslim countries and most importantly Egypt as the leader of the pan-Arabism ideology.[62] However, the Muslim Brotherhood which monopolized the terrain of the political Islam in Egypt was founded in 1928 by Hasan Al-Banna in *Isma'illyya*, a small city in Sinai.

Within a few years, the MB become a significant religious and political actor because of its founder charismatic personality as well as its appeal to Islam as a complete system that offered an alternative to the westernization, secularization and materialism that threatened Muslim societies. According to Milton-Edwards, al-Banna and his followers

> preached a massage that promoted Islam politically, religiously, economically, socially, legally and culturally as the only alternative to the forces of westernization, secularization and materialism that had penetrated the Muslim society in the Middle East.[63]

Under al-Banna's leadership, MB advocated a return to the roots of religion, in particular, the *Kora'n* and the Golden Age of Islam during the period of the prophet and the Rightly Guided Caliphs.

[62] Knudsen, Are 2003. "Political Islam in the Middle East." Chr. Michelsen Institute report no.3
[63] See Milton-Edwards 2000, p. 129

The movement initially aimed simply to spread Islamic morals of both the individual and the society, but soon it got involved in politics, particularly the fight to rid Egypt of British colonial control and all Western influences. The movement broadened its goal and declared its opposition to the secularization of the state. The MB stresses Islam as a comprehensive ideology for personal and public life. Therefore, MB calls for establishing an Islamic state governed by Islamic system through means of preaching the unity of religion and state *(din wa dawla*). The MB denies the distinction between the religious and secular law, or the citizens and the believers. The MB summarizes its hierarchical bottom-up ideology as the following:

> Our duty as Muslim Brothers is to work for the reform of selves, of hearts and souls by joining them to God the all-high; then to organize our society to be fit for the virtuous community which commands the good and forbids evil-doing, then from the community will arise the good state.[64]

The creation of various Islamic organizations, such as medical clinics, hospitals, charitable societies, cultural associations, and schools, shows MB's ability to display the way in which Islam fits into the structures of everyday life.[65]

In 1932, MB's headquarters was moved to Cairo in order to include a larger cross section of Egyptian society intending to incorporate civil servants, urban leaders, students, and peasants. Cairo is the ideal place to implement Al-Banna's philosophy which revolved around establishing credibility within the diverse masses. The politicization of the society because of the ousting of the British from Egypt helped Al-Banna to transform the society into political and religious one. In Cairo, MB published its first weekly newsletter. Meanwhile, the organization's membership began to grow dramatically. It had five branch

[64] Quoted in Paison 2009, 94
[65] Paison, Michelle. 2009. "The History of the Muslim Brotherhood." *NIMEP Insights,* IV, p.95

offices by 1930, fifteen by 1932, and three hundred by 1938, the three hundred branches probably represented between 50,000 and 150,000 members. In the late 1940s, the organization had over two thousand branches with about 600,000 active members. From this period, MB became the largest organized Islamic movement in Egypt.[66]

After the assassination of the al-Banna in 1949, Hassan al-Hodaybi was elected to lead the movement. Nevertheless, this period witnessed the emergence of Sayyid Qutb as one of the most influential men within the movement. As Hassan al-Banna is viewed as

> the founder of the movement that is the Muslim Brotherhood, Sayyid Qutb is considered to have been the creator of its dogma. Qutb influenced the minds of the peoples through his writings, which are considered to be essential reading to discuss any aspect concerning the Muslim Brotherhood.[67]

In 1952, the MB supports the Free Officers to overthrow King Farouk because the Free Officers had strong links with the Muslim Brotherhood. The regime released many of the organization's members from prison and allowed them to resume their public recruitment and propaganda activities. However, the peaceful years ended in 1954 with MB attempt to assassinate Nasser who responded by giving his orders to arrest thousands of MB members. Subsequent trials led to the execution of six Muslim Brotherhood leaders including Sayyid Qutb. Hundreds of others were tortured and jailed in the period between 1954 and 1967.[68]

During Sadat's presidency, the MB remained illegal. However, individual members were granted limited access to the public sector if they agreed to renounce the violent overthrow of the regime. This included the

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66 Munson, Ziad. 2001. "Islamic mobilization: Social Movement Theory and the Egyptian Muslim Brotherhood." *The Sociological Quarterly* 42(4):487–510, p. 489

67 See Paison 2009, p. 98

68 See Munson 2001, p. 489

ability to form Islamic societies and the right to run for election to parliament. After a short time, Sadat implemented the 1977 Political Parties Law which excludes the political parties based on class, religious or regional affiliation. This action was understood as a legal elimination of the two largest groups with the greatest capacity for political mobilization and the greatest capacity to be overwhelming threats to the existing regime, the Nasserites and the Muslim Brotherhood.[69]

The early years of Mubarak's era was characterized by the limitation of the opening toward the MB and its participation in the elections. The MB's illegal status minimized its participation in the elections. Nonetheless, the MB has increased its effectiveness in the professional syndicates. Many syndicates such as engineers', doctors', teaching', journalists', and lawyers' syndicates were totally controlled by the Muslim Brothers.[70]

In the 1984 election, the MB formed an alliance with the Wafd party. The coalition managed to win some sixty-five seats, seven of which were for the Brotherhood. The coalition came second only to Mubarak's National Democratic Party (NDP) and served as the major opposition in the People's Assembly. In the 1987 elections, the MB shifted its alliance and formed a coalition with two smaller parties. The new coalition took the name of Islamic Alliance (IA). Again this bloc came second to the NDP with some sixty seats, thirty-eight of which went to the MB. The IA forms the leading opposition group to the ruling party. The 1987 election was a landmark for the MB, as it becomes the dominant partner in the IA. The AI shows its Islamic tendency by calling for the implementation of Islamic *Shari'a*, and using the new slogan "Islam is the Solution." The MB achieved considerable success by increasing

[69] See Paison 2009

[70] Gumuscu, Sebnem. 2008. Economic Liberalization, Devout Bourgeoisie, and Change in Political Islam. EUI Working Paper

its number of seats in the Assembly from seven to thirty-eight.[71] In the 2005 elections, although MB remains legally banned under the nation's 24-year-old Emergency Law, it achieved surprising success when it reached the highest representational capacity to date, capturing 88 seats out of 444 in the People's Assembly. According to the political observers, the Brotherhood's devotion to social work was the primary strength behind its remarkable results in the parliamentary elections.

Ideology of the Muslim Brotherhood

After its foundation, the MB centered its primary concerns on anti-imperialism, the poverty of the Egyptian people, and the declining morality. The MB believes that the solution to these problems is conceivable by returning to the Islamic roots. The need to rid Egypt of immoral and imperial Western domination through the adoption of an Islamic path formed the basic mantra of the MB. It called for an Islamic state and held that true Islam was essentially democratic and capable of solving the problems of the modern world. A strong current in the MB's ideology during the period was a tie between larger problems and the way in which ordinary Muslims lived their daily lives.[72]The MB argued that people's increasingly secular lifestyles led to immorality and poverty.

The MB starts to raise religious issues with a political implication in the 1930s. The political outlook of the MB in many ways represented a revolt against the "patronage network" which dominated the political scene. In other words, MB's entry into the formal political realm was the natural consequence of multiple variables contributing to a restless and disenfranchised urbanized middle class, who saw Egyptian politics as the exclusive domain of the distant

[71] Ibrahim, Saad Eddin. 1988. "Egypt's Islamic Activism in the 1980s." *Third World Quarterly* 10 (2): 632-57, p. 646
[72] See Munson 2001

elites. The earliest and most illustrative source for politicized Islam ideological foundation was announced by al-Banna at the Society's Student Conference in February 1938. He defines the ideological basis by stressing that Islam was a "total concept, embracing all aspects of life, politics included." He asserts that Muslims need to free themselves from the traditional and narrow interpretation of Islam by expanding the interpretation of Islam to include politics. Al-Banna declares his ideology by asking about the meaning of Islam. "Tell me, if Islam is something else than politics, society, economy, law and culture, what is it then?'' For him "a Muslim will never become a real Muslim if he is not political and has view for the affairs of his people."[73] By emphasizing the idea of "totality of Islam," al-Banna reformulated Islam as a political ideology.

In producing his ideological platform, al-Banna rejects the Egyptian system of government and considers the constitutional system is the best political form that suites Islam and Muslims. He attacks the political parties describing them to be more personal than national and lacking a social and economic program. During the 1950s, the MB was inspired by Sayyid Qutb who demanded a radical and revolutionary social change. Qutb's ideas developed MB's ideology in radical directions. The MB considered any *non-Shari'a* based order as fundamentally illegitimate. The issue of electoral participation was unsettled. At the same time, Egyptian politics took a sharp authoritarian turn in the 1950s, and the MB became one of the main targets of the regime's repression.[74] During the 1970s and 1980s, the MB has consistently pushed for some measure of political liberalization. The movement's respect for political liberties has not always translated into support for freedom in the social and cultural realms.

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[73] Lefevre, Raphael. 2013. *Ashes of Hama: The Muslim Brotherhood in Syria*. Oxford: Oxford University Press

[74] Hamzawy, Amr and Nathan J. Brown. 2010. "The Egyptian Muslim Brotherhood: Islamist Participation in a Closing Political Environment." *Carnegie Endowment for International Peace.*

Moderation or No Moderation?

In 1984, the group decided to fight the People's Assembly elections in alliance with other secular parties. This participation fueled the idea of establishing a political party. In 1989, the movement discussed again the notion behind establishing a political party. Finally, in mid-January 2007 the MB released a draft party platform. Although, the platform shows respect for the country's constitutional institutions and genuine comfort with the idea that the people's elected representatives in parliament, many critics regarded the program as a retreat from the party's ideology. The new platform "shows a tremendous amount of regression in comparison to the series of documents previously issued by the movement, including their document on reform issued in March 2003."[75] The Brotherhood has encountered a paradox: "the more it presents itself as a credible force for political reform, the less reform is likely."[76]

Despite the considerable changing in the MB's political ideologies concerning its perception of the political participation and democratic rules, the MB did not turn its back to its ideological beginnings. The tensions between the old goals of creating Islamic state with uncompromising versions of the *shari'a* and the new tendency of becoming influential players in a pluralistic and democratic system were unlikely to reach its end. The outcome of these tensions has a great deal of ambiguity on a number of issues or the "the gray zones."[77] Indeed, the rhetorical statements of the movement and its political actions have a manifest ambiguity. The MB calls for full-fledged democratic reforms but remains reluctant to endorse equal rights for Copts, Egypt's native Christian minority. Moreover, the MB's head is not simply a president or chairman but a "general guide."

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[75] See Paison 2009, p. 119

[76] See Hamzawy and Brown 2010, p. 31

[77] Brown, Nathan, Amr Hamzawy, and Marina Ottaway.2006. "Islamist Movements and the Democratic Process in the Arab World: Exploring the Gray Zones." *Carnegie Endowment for International Peace*, p. 7

The ambiguous usage of certain terms implemented within the platform increase the doubts about the MB moderation process. For example, the repeated usage of the phrases such as "zeal and protection of religion," or "Islamic state" arouses numerous doubts regarding the MB's stance on the nature of the state-religion relation.[78]The existence of numerous gray zones creates legitimate skepticism in the genuine tendency of the MB. The deep ambiguity is an investable result of the dual character of the movement as a political and religious organization as well as the rise of a new generation of activists. The MB's draft platform gives no clear assurance whether MB modernizes its ideology to be democratic or advocating democracy for purely instrumental reasons, as a means to gain power in order to create an authoritarian Islamist state.[79]

The attitude towards Christian minority and women increased the ambiguity of MB's understanding of democracy. MB's members acknowledged that Copts are equal citizens with equal rights and duties as Muslim. At the same time, they emphasize clearly that women and non-Muslims should be excluded from senior positions in any state governed according to Islamic principles. Although some members within the MB reject this position, it's considered as an established *Shari'a*-based rule that should not be transgressed. The MB supports the right of the people to elect their ruler, yet it claims that non-Muslims lack the knowledge of the faith that should be present in such positions. The ruler in a Muslim society must be a Muslim because it assumes that the ruler has some religious functions. Therefore, non-Muslims should be exempt from this task.[80] Because of his public nature, the MB insists on the requirement that the ruler must be a male. According to MB's understanding, the religious and military duty contradicts with the woman nature.

[78] See Paison 2009, p. 120
[79] See Brown el al 2006
[80] See Hamzawy and Brown 2010, p. 11

The MB's position regarding the West and United States, in contrast to other matters, has generated a little open debate. The MB rejects the notion that the United States is seeking a real reform or democracy in the region. Many MB spokesmen have declared that the U.S reforms campaign is part of a religious war against Islam to achieve control over Arab and Muslim hearts and minds. Muhammad Mahdi Akif, the MB's General Guide and its supreme leader, argues that "the United States is promoting secularism, political liberalism and economic freedom throughout the world so as to solidify its power." Accordingly, Akif has stated that "if the MB were to become the government or a part of it, it would open a dialogue with the United States if the United States changed its current agenda *vis-à-vis* Islam and the Middle East."[81]

In fact, despite the changes the MB has undergone in its perception of political participation and democratic rule, the moderation tendency is not completely clear in the old guard rhetoric. The ideological bases of the MB still contain an ambiguous definition of democracy, human rights and the state-religion relation. For the MB, Islam is more than a religion; it's an ideology that offers the only truth. The MB summarizes its totalitarian understanding of Islam throughout its slogans such as Islam is "religion and state" (*din wa-dawla*) and "Islam is the solution" (*islam huwa-lhal*). The Muslim Brotherhood's headquarters is littered with posters saying "Allah is our goal, the Messenger is our leader, the Qur'an is our constitution, *Jihad* is our path and death in the service of Allah our highest hope."[82] These posters indicate that the MB has not yet truly crafted a political program that can be implemented beyond the slogan "Islam is the solution."

The MB's characterizations of textually based *Shari'a* rulings as binding on Muslims in all times and places suggest a profound tension between the

[81] Altman, Israel Elad. 2006. "Current Trends in the Ideology of the Egyptian Muslim Brotherhood." *Hudson Institute's journal* 3(1):1-12, p. 6
[82] See Paison 2009, p. 123

democratic and religious elements of its agenda. As explained in chapter one, ideological moderation refers to

> the abandonment, postponement, or revision of radical goals that enables an opposition movement to accommodate itself to the give and take of 'normal' competitive politics. It entails a shift toward a substantive commitment to democratic principles, including the peaceful alternation of power, ideological and political pluralism, and citizenship rights.[83]

According to this definition, the transformation process of the MB is not compatible with ideological moderation because of its ideological dogmatism, conditioned acceptance of political pluralism and equality of all citizen rights. The MB's view of the Coptic minority and women is an obvious indicator of the fact that the "Brothers have not completed their transition from *umma* politics to citizenship politics."[84]

MB's Division and *Wasat* Party

Despite the MB's increasing popular support, the period between 1995 and 2000 was a period of stagnation for the MB. The issue of establishing a political party increased the ideological division between the older and the newer generation of members within MB. The old guard perceived formation of a new party as a way of securing the continued existence and activities of the MB. They wanted it to be an organic extension of the society of the MB. The party would be an arm of the MB activities in politics and the leadership would be determined and controlled by the general guide. Moderate Brothers, however, would like to have an independent political party with no organic ties with the MB. They believe that the party should have its rules in choosing its leaders. They wanted to redefine the critical concepts such as citizenship,

[83] See Wickham 2004, p. 206
[84] See Gumuscu 2008, p.22

democracy and pluralism while the old gourd remained skeptic about these principles.[85]

As a result of this internal division, a group of the middle generation leaders of high profile from the reformist wing of the MB headed by Abu Ayla Madi Abu Ayla took decisive action by founding the *Wasat*[86] party. The discourse of the *Wasat* party was markedly different from the MB. The *Wasat* party adopts a middle (or center) position between a supporter of Islamic tradition and a promoter of Western institutions and democratic values. The *Wasat* party's platform does not resolve *shari'a*-state tension completely. It, however, reduces this tension by defining the *Shari'a* as a general set of principles and advocating flexibility in their interpretation and application. As Abu Ayla Madi explained, *Shari'a* is "a collection of guiding principles, which should be put to *ijtihad*, to a free interpretation in order to adapt them to a world in the process of change."[87]The state, nevertheless, denied legal recognition to the new party. The old guard of the MB joined the state and strenuously opposed the foundation of the *Wasat* party.

The political agenda of *Wasat* party has visible differences from the MB ideology. The *Wasat* party claims that democracy is necessary to construct a contemporary society. The party seeks a system of government that has respect for collective and individual freedom as well as pluralist elections within the framework of rule of law. The party understands democracy as a mean for establishing citizenship for all based on merit rather than the individual's religious background.[88] Including Coptic personalities in the party is a noteworthy step in emphasizing the common social action and the national

[85] Ibid
[86] It is an Arabic name which means 'middle or center'
[87] See Wickham 2004, p. 209
[88] Stacher, Joshua A. 2002. "Post-Islamist Rumblings in Egypt: The Emergence of the Wasat Party." *The Middle East Journal* 56 (3): 415-432.

unity between the citizens.[89] Non-Muslims are seen as equal citizens because they are the founders of the Islamic civilization. According to *Wasat* platform

> the most important civilization principle of our *umma*, and accordingly of the public order of the *umma*, is pluralism. [they] mean pluralism in its many dimensions, and not just political pluralism, because this *umma* was established through history on the basis of religious and cultural and social pluralism and other types as well.[90]

Umma refers to a broader cultural community that includes Egypt's Coptic Christians. *Wasat* platform asserts that, in the Islamic civilizational project, Muslim and Christian "stand on equal footing, in belonging, role and authenticity. They are the children of one *umma* and one civilization despite their religious differences."[91] At the same time, the party goes further than the MB in supporting full citizenship rights for women and non-Muslims.

Despite its moderation, the *Wasat* party remains a marginal party in Egyptian politics "without a mass base."[92]The nature of the Egyptian regime and the existing socio-economic structures left the political Islamic movements with a social milieu dominated by groups which have vested interest in radical politics. The moderate pragmatic discourse of the party largely fails to represent the interests of peripheral Islamic constituencies particularly lower-middle class and SME owners. In 2005 parliamentary elections, the party's popular support does not exceed a couple of percentage points at best, while the MB held one fifth of the seats in the Egyptian parliament with 88 deputies running as independents. This makes it by far the largest opposition group in the parliament.[93]

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89 Zubaida, Sami. 2000. Trajectories of Political Islam: Egypt, Iran and Turkey. *The political Quarterly* 41(s1)
90 See Wickham 2004, p. 209
91 See Wickham 2004, p. 209
92 Ibid, p. 223
93 See Yildirim 2011

Conclusion

The mainstream political Islam in Turkey and Egypt, represented by AKP and MB, has undergone different moderation processes. Whereas Turkish political Islam embraces ideological moderation, the Egyptian Islamic movements failed to induce broader ideological change. In Turkey, the AKP shows that the Islamist groups, under certain conditions, might undergo an ideological moderation and adopt a new ideology that has nothing to do with the Islamic traditions. The AKP's program gives clear indications that the party shares the same democratic values with non-religious democratic parties. The AKP's democratic platform received the highest vote share in 2002, 2007, 2011 parliamentary elections while the Felicity Party remained on the margin of the political space in Turkey with a couple of percentage points of total votes. In Egypt, the *Wasat* party has the same tendency toward moderation. However, it failed to gain the same popularity as the AKP. The MB hardliner, with an unclear and confounded tendency toward democratic values, are continuously gathering the support of Islamic electorates.

What is the puzzle that makes the AKP and MB remain the most dynamic political forces in Turkey and Egypt during the last ten years despite the ideological differences? Although the differences in the political system between the two countries may offer some explanations to the popularity of different ideologies among the Islamist milieus in Turkey and Egypt, the next two chapters will offer an alternative explanation that focuses on the socio-economic condition to the Islamic milieus. The different impact of the economic reforms on the Islamic milieus may show reasonable causes to the popularity of the moderates in Turkey and the hardliners in Egypt.

CHAPTER FOUR

Economic Liberalization, Social Transformation and Moderation of Political Islam in Turkey

This book has emphasized, in the previous chapters, that the preference of the Islamic electorates (the periphery) is the key factor in the formation of political Islam's platform. It also argues that, under certain conditions, Muslims can transform Islam to be compatible with the liberal democracy. This chapter highlights the role of the changes of the Islamic milieu's socio-economic conditions and its role in the transformation of the ideology of political Islam. In Turkey, the economic reforms during the 1980s triggered a remarkable change in the socio-economic structure in the Turkish society. The Anatolian-based businesses, which represent the core of the Islamic milieus, are the main winner from these reforms. The economic and cultural changes within the Islamic milieu, as a result of the integration into the global market, are accompanied by the realigning of their political preference. The Islamist electorates enjoyed the benefits of globalization in the form of the economic growth. As a result, the liberal democracy and liberal market became the optimal option for the new Islamic bourgeoisie. The hardliner Islamist ideology is no more the political representative of the Islamic bourgeoisie. The new socio-economic environment helped the Islamist democrats group, which share the same orientation, to emerge as a new Islamic alternative.

This chapter discusses the economic reforms and the relationship between the implementation of comprehensive reforms and transformation of the Islamic electorates from peripheral status to bourgeoisie status. The last

section deals with Islamic milieu role in the fragmentation of the hardliner groups and the rising of the moderate Islamist.

Pre-Liberalization Economic Context

Since the foundation of Turkish Republic until the early 1980s, the Turkish economy was characterized, on the one hand, by a considerable state intervention and, on the other hand, by protectionist import-substituting industrialization (ISI)[1] policies in domestic capital formation.[2] In the 1950s, after a period of postwar expansion, the Turkish economy showed sluggish growth and trade imbalances. Exports and imports fell below their 1953 levels and did not recover until 1960. Turkey introduced comprehensive protectionist measures to curtail inflation and overcome the persistent deficits in the balance of payments. Although the origin of the strong state intervention in the economy dates back to the early 1930s, the stagnant economic conditions of this period generated a revival of interest in a stronger orientation toward ISI. In the 1960s, the Turkish economy, however, enjoyed high growth rates in Gross national product (GNP) together with a vigorous economic recovery.[3]

During the 1960s and 1970s, for achieving ISI objectives, Turkish governments made heavy use of a restrictive trade regime. With the implementation of state-lead economy, the state economic enterprises once again began to play a prominent, thought different, role in industrialization. During the 1930's, the state enterprises led the industrialization process and controlled many sectors of the economy because the private sector was weak

[1] Economic strategy that advocates national industrial growth through replacing imports with domestic production, on the principle that countries should reduce their foreign dependency through local production of industrialized products to create self-sufficient economies. The ISI aimed to increase the domestic employment and resilience in the face of global economic shocks. The benefits and success of ISI implementations has been questioned and remains a debated issue. Today very few countries still use such implementations.

[2] Cecen, A. Aydin, A. Suut Dogruel, and Fatma Dogruel. 1994. "Economic Growth and Structural Change in Turkey 1960-88." *International Journal of Middle East Studies* 26(1): 37-56.

[3] Ibid, p. 38

and worked as subservient to the demands of the state. The period of ISI, however, witnessed the emergence of new leaders to the economic policy such as the big family holding companies, large conglomerates of manufacturing and distribution companies, banks and other services firms.[4] The creation of a local, big entrepreneurial class aimed, above all, to compete in the global market during the economic policy transformation.

Although the ISI policy, in its "easy stage," succeeded in bringing tiny economic growth, many structural problems appear at the end of the 1970s. The weakness of export orientation and ISI technological limits forced Turkey to obtain the foreign exchange traditional agricultural exports and workers' remittances. Several factors such as the large domestic market, high tariff protection and the oligopolistic industrial structure caused the foreign exchange crisis. Moreover, various forms of state intervention on behalf of the bourgeoisie had led to rates of profit in the domestic market much higher than those that could be obtained in the international markets. Thus, the industrial bourgeoisie made only feeble export attempts in order to obtain the foreign exchange necessary for further industrial accumulation. At the same time, the Turkish economy has a relatively small magnitude of foreign investment because of relatively autonomous bureaucracy which has made Turkey unattractive to foreign capital. The external factors, such as the rise of oil prices, compounded the difficulties of the unstable political coalition and economic system in Turkey by accelerating the disappearing of foreign exchange reserves. The rising deficit's budget, 90 percent inflation and foreign exchange crisis are a direct response to these factors.

Economic Liberalization in Turkey

[4] Pamuk, Sevket. 2007. "Economic Change in Twentieth Century Turkey: Is the Glass More than Half Full?" *The American university of Paris: Working Paper No. 41,* p. 15

With the increasing the economic problems in the late 1970s, ISI policies appeared to have reached their end. Indeed, excessive and long-term protectionism associated with the ISI was a key contributor to export stagnation and the endemic balance of payments crisis, which had emerged by the late 1970s. In 1980, the economic crisis and the social unrest impelled the Turkish military intervention to create the needed authoritarian political climate for implementing the structural adjustment program and a growth-led export strategy. This strategy reduced state intervention, alleviated payment difficulties, liberalized domestic pricing, rationalized the public sector, removed the state's subsidies and banned the trade union. Ozal became prime minister in 1983 and closely cooperated with the IMF and the World Bank in assuring the full implementation of these reforms. Thus, Turkey received nine structural adjustment loans during the 1980s.[5] The new reforms were not merely a stabilization program, but also a "starting point for the structural transformation of the Turkish economy along neo-liberal lines."[6] The program rapidly reached its initial targets in terms of reducing inflation, achieving higher growth rates, and taking steps towards trade and financial liberalization. The economic reforms appeared to reverse the previous trend and represented a certain progress towards establishing an externally competitive economy through a significant increase in exports.

During this first phase of liberalization, measures took the form of real devaluation of about 30 %, increased tax rebates to exporters, credit subsidies to exporters, and foreign exchange currency allocation that allowed the importation of raw material and intermediate goods for exporters. These policies gave some fruits by 1983 when the merchandise exports were almost

[5] See Yavus 2003

[6] Onis, Ziya and smail Emre Bayram. 2008. "Temporary star or emerging tiger? Turkey's recent economic performance in a global setting." *New Perspectives on Turkey* 39 (1): 47-84, p. 50

doubled.[7] Therefore, it can be said that in the early 1980s Turkey "ostensibly entered a new era of 'export-led economic' growth."[8] The ratio of total exports to GDP increased between 1980 and 1988, from 4.1% to 13.3%. Moreover, the process was accompanied by a diversification of exports, involving a striking increase in the share of manufactured exports at the expense of agricultural exports.[9] Simultaneously, in less than a decade, Turkey undertook drastic reforms in trade and financial sectors, dismantled quantitative import restrictions and tariffs, and liberalized the exchange rate policy along with favorable credit policies to promote exports.[10] In general, the macro-economic and import liberalization policies are the driving forces behind the Turkish economy growth, rapid recovery and export miracle.[11]

Despite the fact that Turkey followed policies which aimed to achieve macro-economic stability, the Turkish economy did not become a crisis-free economy.[12] In the late 1980s, as the macro-economic balances began to deteriorate, Turgut Ozal, the Prime Minister and the leading figure in the economy, decided to liberalize the capital account and eliminate the obstacles in the way of international capital flows. The aim of this step was to attract short-term capital inflows to help in financing the deficits. The capital account reforms represent the summit of the liberalization. Therefore, it will be costly if not preceded by achieving macroeconomic stability and creating a strong regulatory infrastructure for the financial sector.[13]

Indeed, the capital account regime was even freer than its counterparts in advanced industrial societies. Accordingly, the1989 represents a "turning point in the recent history of the Turkish economy as the policies introduced in this

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[7] Akdede, Sacit Hadi.2002. "Economic Liberalization, Markups, and Total Factor Productivity Growth in Turkey's Manufacturing Industries." *Adnan Menders University*. *Turkey.*

[8] See Cecen et al 1994, p. 37

[9] See Onis and Bayram 2008, p. 51

[10] See Yildirim 2011

[11] Arslan, Ismail and Sweder van Wijnbergen. 1993. "Exchange Rate Policy and Export Growth in Turkey." *The Review of Economics and Statistics* 75(1):128-133, p. 128

[12] Aydın, Zülküf. 2005. *The Political Economy of Turkey*. London: Pluto Press

[13] See Pamuk 2007

year have had major and lasting impacts, culminating in the 21 February 2001 crisis."[14] After 2001 crisis[15], the Turkish economy has staged a remarkable recovery. The new period represents a clear rupture from the unstable macro-economic environment of the 1990s in terms of higher growth rates, fiscal discipline, success on the privatization front, attracting foreign direct investment (FDI) and a serious decline in the inflation rate.[16]

The Turkish tariff rate, about 4.0%, creates a higher level of competition and economic integration, especially with the EU. Since the beginning of liberalization in the early 1980s, the lower protection of the traditional big businesses and the wider integration into the global economy are the main characteristics of the Turkish economy. This condition provides an environment advantageous to the new smaller businesses and an economic milieu for the growth of SMEs in a competitive market. Other indicators of domestic competition, such as the intensity of local competition, the extent of market dominance, anti-monopoly policy, and ease of access to loans, suggest a similar trend. Accordingly, the Turkish economy closely resembles competitive liberalization model with high levels of competition. [17]

In this chapter, the key link between the economic liberalization process and the moderation of political Islam is the preference of the core of the Islamic electorates represented by the peripheral businesses and SMEs. Until the 1980s, the state directs most of subsidies and incentives to the big businesses. The small merchants and manufacturers located in Anatolia, who producing consumer goods for the domestic market, had been systematically neglected by the Turkish policymakers. In the aftermath of liberalization, these

[14] See Aydin 2005, p. 114

[15] On February 21, 2001, named also the Black Wednesday, Turkey was facing the most important economic and financial crisis in its history, because of the banking system and the problems of convertibility of debts. Especially because of the public banks which could not fulfill their liabilities in monetary markets, the payments system was crashed and the securities and monetary market transactions were stopped (banking regulation and supervision agency 2009, 7)

[16] See Onis and Bayram 2008, p. 53

[17] See Yildirim 2011, p. 22

enterprises have acquired a novel significance and turned out to be the main beneficiaries from the liberalization process by increasing their integration into the international market. The economic transformation was associated with new pragmatic political preference.

The Islamic Bourgeoisie

Until the 1980s, the state recruited elite controlled the economic policy of Turkey. The state-run enterprises were accompanied by a handful of large private business conglomerates, which controlled leading sectors of the economy. The private big businesses functioned as the main conduits for trade with Western companies. The state-big business coalition controlled the entry of foreign technology, new products and modern production to the domestic market. In this regard, the state was "not only the major investor in heavy industries, energy and infrastructure, but it also managed them with an extensive administrative bureaucracy."[18]

The process of opening the economy to the outside world has led to economic restructuring and shifts in the society's economic center of gravity. Internal factors, such as the diminishing role of government in the economy as well as growing and strengthening market, were the main contributors to formation of the Anatolian capital. Although they have received no direct governmental support, SMEs at the local levels have formed a new business community by improving their business practices, learning technology, and searching for new markets. The SMEs in Konya, Yozgat, Denizli, Corum, Aksaray and Gaziantep provinces of Anatolia achieved noticeable boom in the production and capital accumulation.[19] At the same time, external factors such as the shift in the global production system helped the Anatolian capital to

[18] Ozcan, Gul Berna and Hasan Turung. 2011. "Economic Liberalization and Class Dynamics in Turkey: New Business Groups and Islamic Mobilization." *Insight Turkey* 13(3):63-86, p. 95

[19] Demir, Omer. Mustafa Acar and Metin Toprak. 2004. "Anatolian Tigers or Islamic Capital: Prospects and Challenges." *Middle Eastern Studies* 40 (6):166–188

integrate with the global chains of production as a result of international development within the context of "flexible production.[20]"[21]

Ozal's economic policies aimed to overcome the problem of an oligarchic capitalism and end the domination of giant conglomerates and wealthy tycoons, who enjoy a special relationship with the state. Small-scale provincial business owners and the petite bourgeoisie of the large cities supported Ozal's policies because they do not prefer state intervention in the economy. This petite bourgeoisie consists of dealers, small constructors, restaurant owners, small industrialists, textile factory owners, and food processors. In post reforms period, a new class of bourgeoisie emerged that has been closely identified with Islamic inclined segments of the urban populace. [22]

The new Anatolian-based class or, the "Islamic bourgeoisie" was emerged "as a counter process to the existing economic and cultural alliance between the state and Istanbul-based capitalists". Therefore, this new bourgeoisie is "both a cause and an effect of the neo-liberal economic policies championed by Ozal."[23] The new Islamic bourgeoisie key actors are the first-generation college graduates entrepreneurs, who establish their own SMEs and still maintain strong ties to the small towns of Anatolia. The Islamic bourgeoisie used the

> new, post-1980s educational, economic and political conditions to develop entrepreneurial and organizational skills in order to reposition themselves as new economic actors with the goal of modernizing their cities and life-styles through a form of modern or progressive Islamization.[24]

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[20] The term 'flexible production' refers to a new international division of labor within the global economy where new advancements in production, communication and transformation technologies have allowed the fragmentation of production and de-skilling of labour (Aydin 2005, p. 211)

[21] Bugra, Ayse. 2002b. "Political Islam in Turkey in Historical Context: Strength and Weaknesses." In *The Politics of Permanent Crisis: Class, Ideology and State in Turkey*, edited by Balkan, N. and Savran, S. New York: Nova Science Publishers, p. 119

[22] See Yavus 2003, p. 89

[23] See Yavus 2009, p. 52

[24] See Yavus 2009, p. 45

The new "economic elite" was involved first in fast-growing textile and construction businesses. Then, they invested in other important fields of the economy such as services, transportation and tourism.

As a part of the economic reforms, Turkish law allowed to set certain institutions such as special finance corporation and interest free-banking that engaged actively in banking activities. Interest free-banks attract the savings of religious persons, who did not use traditional banks, and provide funds to the religious business circles. By the time, the interest-free special finance corporations served in the process of Islamic capital accumulation in two ways. First, it's able to bring a new fund to the system from religious people. Second, as the interest-free special finance corporations were attracting the religious people money, it minimizes the development of normal banks by not using these banks for capital loans.[25] In fact, many entrepreneurs, because of their sensitivity against interest, developed close relationships with these corporations as they avoided bank credits.

The implementation of the economic reforms did not contribute to emergence the Islamic business only. It also helped in ascending a new professional middle class or the "devout new middle class" who have constituted an important basis of support for the political Islam.[26] The traditional middle classes, favored by protectionist policies, comprised of midsize traders and farmers in Western Anatolia, wage earners, public sector employees and large private-firm employees, lost their economic privilege and began to be replaced by new middle class in the liberalization era. The vast distance separating the traditional "republican bourgeoisie" from the new "conservative class" became considerably more marked during the 1990s and early 2000s. The young executives who have received a university education, especially in the technical field, constitute the nucleus of a united middle class

[25] See Demir et al 2004
[26] See Gumuscu 2005, p. 18

which is "culturally conservative, politically nationalist and moderately authoritarian, economically liberal, or rather, on the side of the free enterprise."[27]

The professional middle class benefited from the liberalization process through two ways. First, the expansion of Islamic businesses, giving professionals, such as engineers, lawyers, teachers, and doctors of conservative backgrounds, more chances to be hired. Second, through the expansion of the Islamic sector in the social services, by establishing education and health institutions, the professional middle class has "achieved not only employment but also fulfillment of their own needs in these institutions."[28] Nilufer Gole argues that the changing environment produced opportunities for peripheral groups to move to urban centres and gained access to liberal education, life in the urban centers, modern means of expressing themselves and the opportunity of upward social mobility.[29]

Ozal's commitment to capitalism and the market economy made his period the most crucial period for modern Turkey. Ozal merged the economic and religious forces of Anatolia to create a "new form" of Islamic bourgeoisie which eventually provided the grassroots for the political and cultural transformation in Turkey. The economic reforms enabled a significant expansion of "opportunity spaces" in politics, economics, education and media. The "opportunity spaces" refers to "an arena of social interaction that creates new possibilities for augmenting networks of shared meaning and associational life."[30]Opportunity spaces encourage the choice of personal identity and to resist the policies of the state or the market. This opportunity made the SMEs and their Islamic networks develop strong resentment towards state elites and

[27] Insel, Ahmet. 2003. "The AKP and Normalizing Democracy in Turkey." *The South Atlantic Quarterly* 102(2-3):293-308, p. 298
[28] See Gumuscu 2005, p. 18
[29] Gole, Nilufer. 1997. "Secularism and Islamism in Turkey: The Making of Elites and Counter-elites." *The Middle East Journal*, 51(1):46-58, p. 52
[30] See Yavus 2009, p. 51

bureaucracy in Ankara. This position fueled the rivalry between the large conglomerates and SMEs on accessing international financial and industrial markets. [31]

In general, domestic and global economic and political developments played a significant role in the emergence of the new Islamic bourgeoisie. Domestically, the liberalization era was characterized by, the encouragement of the private against the public sector, and the growth of exports against the protectionist trade regime and discredited import substitution for the sake of export-oriented industrialization strategy. Globally, the period witnessed new developments in patterns of production and trades that downsized large firms and the rise of small and medium-sized enterprises. These internal and external settings are a favorable climate for different articulations of the economic and social structure. In this regard, the emergence and rapid growth of this new social class reflect the "far-reaching political, economic, and cultural transformations led by neoliberal policies that have almost unconditionally supported every form of private entrepreneurship and promoted what some scholars call 'entrepreneurial spirit' and the 'culture of entrepreneurship."[32]

MUSIAD Association

The expansion of the Islamic businesses, as a result of economic liberalization, is evident in the emergence of the Independent Businessmen and Industrialists' Association (MUSIAD). MUSIAD was founded in 1990 by a group of young Anatolian businessmen as a class organization to represent small and medium enterprises that did not qualify for membership of Association of Turkish Industrialists and Businessmen (TUSIAD).[33] The

[31] See Ozcan and Turunc 2011

[32] Sen, Mustafa.2010. "Transformation of Turkish Islamism and the Rise of the Justice and Development Party." *Turkish Studies* 11(1):59-84, p. 72

[33] TUSIAD was founded in the early 1970s by a small group of big-business people who had continual close relationships with political authorities and were thus both able and encouraged to expand their

majority of the enterprises represented are smaller ones employing fewer than 50 workers, with the very small ones employing fewer than 10 workers constituting the largest group. With about 3000 registered members, MUSIAD became the largest businessmen association in Turkey. The official MUSIAD rhetoric highlights the disadvantages of the periphery business that resulted from the close collaboration between the state and older big businesses mainly located in Istanbul.[34] MUSIAD companies operate in different sectors of the Turkish economy such as textile, leather, clothing, and food industry. However, since the mid-1990s, some of these companies have managed to expand their market bases to include grocery, retailing, furniture, computers, construction, automobiles, travel, media industries, and Islamic banking. They succeeded in developing transnational ties and firmly integrated into external markets. That is why the emergence of MUSIAD is emblematic of the rising economic power and interest of the newly-burgeoning peripheral SMEs which challenge the existing socio-political order in Turkey.

MUSIAD played a prominent role in developing the newly emerged Islamic bourgeoisie and turning their peripheral status from a disadvantage into a network of solidarity. MUSIAD provided its members with the services that they would be unable to get from the state. These services include organizing conferences and international fairs where members can meet foreign business representatives and establish import-export links. MUSIAD focused on disseminating technology and market-related information through publishing periodicals and papers. MUSIAD's research-based reports provide members with economic, legal, practical information, modern management techniques and foreign-trade procedures.[35] These activities played a crucial role in fostering the feelings of solidarity and establish networks among members

enterprises. At present, most of the several hundred member companies of TUSIAD are large enterprises based in Istanbul.

[34] Bugra, Ayse. 2002a. "Labour, Capital, and Religion: Harmony and Conflict among the Constituency of Political Islam in Turkey." *Middle Eastern Studies* 38(2): 187-204

[35] See Gulalp, 2001

because it all took place in a frame of cultural reference. Islam contributes significantly to the establishment of a shared understanding concerning business ethics, corporate responsibility, and commonality of interest. The Islamic identity used on both the domestic and the international levels as a basis for cooperation among businesses because it appears to be consistent with certain trends in global production and trade patterns that are emphasized by MUSIAD's administration.[36] Indeed, MUSIAD emphasized the idea of Islamic solidarity against the hostile socio-political environment and, contrary to Orientalist claims, the compatibility of Islam with entrepreneurial activity.

In the era of globalization, state and labour unions have lost much of their power in their dealings with capital and economic life. Thus, the field was open to the forces of the free market. Likewise, deregulation of production and the relations between capital, labour and the state have undermined the basis of class identity and replaced it with other identities based on religion, culture and ethnicity. Businesses may evoke "pre-industrial affiliations" in their dealings with labour and other similar businesses rather than being governed by impersonal rules and regulations.[37] In Turkey, MUSIAD, since its establishment, worked heavily on linking the newly emerging and regionally dispersed small-scale enterprises all over the country with the rise of Islam. Their aims are supporting, promoting, and protecting their economic interests, on the one hand, and developing a societal vision on the basis of Islamic principles, on the other hand. By creating a 'powerful network based upon trust relations' among Islamic economic actors, MUSIAD has become as significant and powerful as TUSIAD even challenging the latter's dominance in Turkish economic life.[38]

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[36] Bugra, Ayse. 1998. "Class, Culture, and State: An Analysis of Interest Representation by Two Turkish Business Associations." *International Journal of Middle East Studies* 30 (4) 521-539, p. 529

[37] See Aydin 2005, p. 214

[38] Ozbudun, Ergun and Fuat Keyman. 2002. "Cultural Globalization in Turkey." In *Many Globalizations: Cultural Diversity in the Contemporary World*, edited by Peter L. Berger and Samuel Huntington. New York: Oxford University Press, p. 307

The new Anatolian economic elites are not only critical of the Istanbul-based secularist elite; they are also critical of traditional Muslim mentalities *vis-à-vis* the market and stresses entrepreneurship over self-sufficiency. The highly educated and successful Islamic bourgeoisie does not emphasize only the application of an Islamic legal code, the Islamization of state institutions or rejection of modernity but rather promotes the Islamic ethics and values. In their view, Islam does not impede economic development, but rather it is in harmony with, and adaptable to, modernity. Indeed, MUSIAD is "the main organization that seeks the construction of a more ambitious work ethic and defines a 'good Muslim' as hardworking and a good entrepreneur, regards work as an act of worship." [39]

Moreover, MUSIAD used its Islamic discourse in economic and cultural globalization to link Islamic identities and market Ideology. It emphasized that Islamic discourse is more compatible with globalized market relationships because it creates a relation of trust and solidarity. For MUSIAD's members, "globalization creates interconnectedness among societies, economies, and cultures, and it sets 'the rule of the game,' which require rational thinking, long-term strategies, and organizational capacities."[40] Globalization is, then, viewed as a new historical context for economic development. MUSIAD members evaluate globalization positively because globalization and free market relations create a suitable ground for the rise and the success of the Islamic bourgeoisie. The association merges business interests, which favor liberal economy, with the identity of its peripheral members, which emphasis Islamic and conservative values.

In sum, the economic liberalization policies had significant consequences on the relationship between the state and the business class as well as the economic and social structure. As a result, two distinct

[39] See Yavus 2009, p. 55
[40] See Ozbudun and Keyman 2002, p. 307

bourgeoisies, often in conflict, have emerged in Turkey. The foundation of the pro-Kemalist and pro-Islamist business associations, TUSIAD and MUSIAD, proved the division between the centre and peripheral segments of the business bourgeoisie. This means that the two parties did not only compete over market share, but they also compete over the ideological and cultural orientation of the country. The economic reforms have also significant effects on the power balance inside the Islamic coalition. The new Anatolian Islamic bourgeoisie, that supplies the Islamic milieus with schools, hospitals, banks, factories, newspaper and broadcasting stations, not only control the economic means but, more important, they control almost all the social and political power within the Islamic coalition.

The next section discusses the way in which the political preferences of the Islamic bourgeoisie have changed and how these changes contributed substantially to the emergence and moderation of the AKP.

New Social Preference

With the integration of the new Anatolian bourgeoisie into the global economic culture, the Anatolian consumption habits have transformed into bourgeoisie consumption patterns. The consumerism culture has several implications on the religious identity of this group. The religious identity is objected through modern spaces of media, education, market, fashion and mass production of goods that signify Islamic images. Moreover, the new bourgeoisie transformed their religious needs, activities and obligations into modern commodities through re-stylization, such as eating Ramadan's feast in a fancy restaurant or five-star hotels.[41] Spending the Islamic holidays in five-star Caprice Hotel is another example of how Islamic activities have been invented in accordance with modern consumerism. Caprice Hotel, where

[41] See Yavus 2004

alcohol is neither soled nor served, represents a mixture of Islam and capitalism because it is a "site where modernity intermingles with Islam and molds the conduct and expectations of Muslims in accordance with the capitalist system."[42] The customers are those of the traditionally inclined Anatolian bourgeoisie, who support full economic liberalization against the "statist" Istanbul-based oligarchs.

New economic spaces lead not only to the Islamizing of leisure but also to changes in fashion. The owners of the textile factories produce Islamic fashions, as consumer items that meet the religious needs of the conservative segment of Turkish society, by redefining the Islamic fashions and headscarf as a modern commodity that facilitates Muslim women's participation in modern spaces. In contrast to the Kemalist version of Muslim women as rural, traditional and uneducated, a new opportunity spaces like the market and fashion empowered religiously oriented women to negotiate their new roles as working women and mothers by resorting to the shelter of traditional symbols. Consumerism and participating stylized women fashion shows offer a new route for Muslim women to express their earned status in modern life.[43] Moreover, the Islamic bourgeoisie, as a long-term investment, enrolled their children in the well-equipped private elementary and high schools. They emphasized bilingual education in Turkish and English with a focus on science and computer training.

The social empowerment of the Islamic bourgeoisie signifies a simultaneous change in their socio-economic interests and preferences. The wealthier Islamic bourgeoisie attaches more value to the means that facilitate this new bourgeoisie lifestyle. At the face of this new culture of consumption, the Islamic bourgeoisie has declined to reduce the weight of Islam in their

[42] See Yavus 2003, p.98

[43] Yavuz, Hakan. 2004. "Opportunity spaces, identity, and Islamic meaning in Turkey." In *Islamic activism: A social movement theory approach,* edited by Q. Wiktorowicz Bloomington: Indiana University Press. pp. 270-288.

lives. The substantial economic power and transformed religious practices set them apart from both secular bourgeoisie and devout lower classes. Through this new lifestyle, the Islamic bourgeoisie fused Islam with capitalism, modernity, and individualism. Therefore, to secure the interest of the new states, the Islamic bourgeoisie realign its political preference with the side of centrist political movements which defend economic liberalism and democracy.[44] They prefer economic liberalism as the primary mechanism of capital accumulation because free markets reduce the state command over the means of production. They support democracy because it allows for greater participation in decision-making process without paying the costs of Islamism. At the same time, democracy decreases the possibility of arbitrary military-secular establishment rule.

Islamic Bourgeoisie and NOM Relationship

With the growth of Islamic bourgeoisie and the foundation of MUSIAD, it is no longer possible to analyze the Turkish political and economic life without reference to MUSIAD as a strong representative of the growing Islamic social class that ended the dominance of the secular big business association TUSIAD. However, the attitude toward secularism is not the only difference between the two leading associations. Whereas TUSIAD is Western-orientated and a strong supporter of economic and political union with Europe, MUSIAD is more Eastern-orientated, heavily influenced by the successful cases of East and Southeast Asian capitalism.[45] Moreover, they have a different approach to the question of democracy. The former, placed more emphasis on expanding the rights and freedom of the individual, while the MUSIAD refer frequently to social rights and the importance of achieving social justice.

[44] See Gumuscu 2008, p. 10
[45] See Onis 1997

Although not all SMEs in Anatolia supported the Islamic WP, there are significant similarities between the views of MUSIAD and the WP. Both show a similar view on the rejection of the Customs Union with Europe, and emphasizing the need to reorient the country's economic relationship and foreign policy stance away from the West towards a closer union with the Islamic world. Furthermore, both MUSIAD and WP have been influenced by the models of East Asian capitalism and found close affinities between the communitarian traditions of Islam and the communitarian features of the Asian models. Ziya Onis argues that the rise of WP during the early and middle the 1990s is a "parallel phenomenon to and a reflection" of growing aspiration of the rising Islamic bourgeoisie to consolidate their positions in society, achieve elite status and obtain a greater share of public resources in competition with other segments of private business in Turkey.[46]

In Turkey, the NOM promoted a multi-class Islamic movement that aims to institute an Islamic society by addressing economic and class issues under a religious guise. In this sense, the WP, by building a cross-class coalition of winners and losers of economic reform, has drawn its support from the new Anatolian bourgeoisie, the urban poor and the excluded Kurds.[47] Nevertheless, the Anatolian bourgeoisie's influential role in the rising of WP cannot be overlooked. The new bourgeoisie did not only fill the gap of drawing back of state institutions through providing education, healthcare and new welfare services for the urban poor, but also it played a pivotal role in supporting and promoting the development of "print Islam" or "media Islam" in new television and radio stations and newspapers. More important, the new bourgeoisie has a significant impact on the party-political level in terms of funding candidates, campaigns and supporting grassroots organizations. As such, it turned into the principal actor in the maintenance and promotion of

[46] Grugel, Jean and Wil Hout. 2003. *Regionalism Across the North/South Divide: State Strategies and Globalization.* UK: Routledge, p. 82
[47] See Aydin 2005

Islamic discourse. The victory of the WP in the municipal election of 1994, as a result of effective networks and welfare programs, represents a turning point for political Islam in Turkey. With this victory, "the ties between Islamic entrepreneurs and politicians created a new symbiosis with the twin goals of transferring public funds to the newly emerging bourgeoisie and also of utilizing these established networks to shape the practices and ideas of an Islamic movement."[48] In its 1995 national elections remarkable success, the WP became the largest party in the parliament with over 21% of the popular votes. The WP formed a coalition government with the True Path Party in which Erbakan became as the Prime Minister.

However, as the Islamic capitalist found themselves on the defensive against the power of the Kemalist-secularist establishment during the period of the WP's government, the relation between the WP and the MUSIAD interned in a new stage. The Islamic bourgeoisie finds out that Islamizing the state does not match its economic orientation. With the resignation of Erbakan's government as a result of so-called "February 28 process" the idea that political Islam come to an end becomes clear to the Islamic bourgeoisie.[49]

The next sections will try to answer the following questions: Why did the Islamic bourgeoisie withdraw their support from the NOM's hardliners? How did they contribute to the fragmentation of Islamist coalition? What was the role of the Islamic bourgeoisie in shaping the AKP's policy?

The Fragmentation of Islamist Coalition

While in office, Erbakan started to listen to the hardliners who pursued an Islamic policy that defend state interventionism, social justice, redistribution, and anti-Western policy. As a result, the party and its electorates became vulnerable to military pressure. This situation creates significant

[48] See Yavus 2009, p. 59
[49] See Dagi 2008, p. 27

political and economic challenges to the traditional relationship between Erbakan and the WP's hardliners on the one hand, and the Islamic bourgeoisie and MUSIAD on the other hand. These challenges contributed to the emergence of a growing distance between the influential groups within the Islamic milieu and NOM.

WP's view concerning the relationship between state and religion causes a serious challenge to the Islamist coalition. As discussed in chapter three, WP's ideology was built around the idea of the Islamic state. Democracy is only a means to achieve the WP's ultimate aim in establishing an Islamic society governed by *Shari'a*. In this regard, WP defined *Shari'a* as an all-encompassing rule that governs all aspects of social life.[50] Simultaneously, WP's heavy critic to the traditional conception of secularism, its anti-Western and pro-Islamic foreign policy, and its attitude towards democracy put the party in direct confrontation with the strong secular-military establishment. Many of the Islamic bourgeoisie and MUSIAD members have no interest in challenging the powerful secular establishment because they were aware of the robustness of the state's reaction against the anti-secular forces. Moreover, almost all of the Islamic businesses

> gradually gave up supporting the dreams of an Islamic society that would be totally different from capitalist society. When profit becomes the first and foremost aim, it becomes obligatory that one make peace with the system and try to ensure the best conditions for the proliferation of markets.[51]

In other words, the tension between the NOM and state institutions accelerated the alienation between the movement and the Islamic bourgeoisie who would naturally desire to minimize the political cost.

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[50] See Aydin 2005

[51] Tugal, cihan. 2002. Islamism in Turkey: beyond instrument and meaning. *Economy and Society 31*(1):85–111, p. 100

Economically, the NOM's economic model is another challenge for its relationship with the Islamic bourgeoisie. The economic order labeled "Just Order" was an economic structure that mixed among the free market capitalism of the West, the state-controlled socialism of the former Eastern Bloc and number of specifically Islamic elements. It represents a model of hyper-populism constructed on an ethically justified cross-class compromise, intended to form a broad coalition of political support ranging from private businesses to the lowliest sections of society. However, the Islamic bourgeoisie and MUSIAD were highly skeptical about the "Just Order" program. Erol Yarar,[52] the founding chairman of MUSIAD, proclaims that the members of MUSIAD were highly skeptical about Erbakan's 'Just Order' Economic Program, and they rather preferred a political cadre who support a well-functioning free market. The NOM's support for greater state presence in the economy did not fit well with what the expanding MUSIAD demanded. Seyit Mehmet Buga,[53] a Konya MUSIAD member, confirms that the main factor behind the separation within NOM was its insistence on state's dominance in the economy. Buga argues that the hardliners in the NOM could not realize that the "age of *etatism* was long gone."[54]

The foreign policy orientation of the NOM makes a strong contrast with the rising Islamic businesses. Whereas the hardliners involved in a relentless attack on the West, the Islamic business established close business relations with the EU countries following economic liberalization and particularly Customs Union. In fact, many sections of Islamic businesses community realized that, for further expansion, it was necessary to establish links with Europe and the US. For them, opportunities to be opened up by Turkey's

[52] Sebnem Gumuscu interview March 14, 2007
[53] Sebnem Gumuscu interview September 6, 2007
[54] Gumuscu, Sebnem. 2010. "Class, Status, and Party: The Changing Face of Political Islam in Turkey and Egypt." *Comparative Political Studies* 43 (7): 835-861, p. 846

leaning towards the West "were too good to be missed."[55] Therefore, any political resistance to the integration with the West will be not compatible with the interest of Islamic businesses.

In fact, when the Islamic bourgeoisie of Anatolia, which has been transformed into medium and large size business owners with more ambitious strategies, supported the NOM, they expected the movement to be their representatives in the political system that would work for their inclusion in the system and would reflect their conservative values. Later, however, they noticed that the Islamic social and economic networks had been damaged most when political Islam was at its peak in the late 1990s. Moreover, Turkish international relations have generated an irrevocable situation which calls for a pluralistic democracy and liberal economy. Like other capital, the rising Islamic capital has a vested interest in a liberal democracy and economic integration into the global order. The new status of the Islamic bourgeoisie forced them to reconsider their position *vis-à-vis* the Islamist hardliners within NOM. Indeed, priorities re-ordering process aimed to achieve two main goals: first, maintaining the economic gains to Islamic peripheral, second, minimizing the tension with the military-secular establishment. For the NOM, losing the support of the Islamic bourgeoisie and MUSIAD means that its political parties will not be able to compete in any election because the Islamic bourgeoisie has considerable economic, cultural and political influence over the Islamic electorates. The results of November 2002 elections heralded the end of ideological political Islam in Turkey. In these elections, the FP achieved the worst elections results since the foundation of NOM in 1970. It received only 2.5 percent of the votes, failing to pass the 10 per cent national threshold to gain a seat in the parliament while AKP received 34 per cent of the voters.

[55] See Aydin 2005, p. 218

A New Conservative Coalition

As mentioned above in this chapter, the key causal link between the economic liberalization process and the moderation of political Islam is the political preference of the Islamic electorates. In Turkey, the economic liberalization process was associated with a visible change in the social structure within the Islamic milieus. The new class bourgeoisie status forced the Islamic bourgeoisie to adopt new political preferences. As a result of its interest changing, the Islamic bourgeoisie tilted the balance of power within NOM via its financial and political support in favor of democratic discourse. The Turkish periphery has undergone an economic, social, and political development, which allowed its members to re-establish themselves in all aspects of life. They established or supported political parties that represented them and struggled for their religious belief and economic preference.[56]

The February 28 process had a decisive impact on the orientation of the Islamic milieus in Turkey. Witnessing how Islam's social base with its educational, commercial and solidarity networks was disrupted by the politicization of Islam in the 1990s, the reformist group within the Islamist movement became more interested in keeping Islam's social and economic base intact as the basis of conservatism. They concluded that the only way the Islamists could succeed was by avoiding a direct confrontation with the secularists and deemphasizing the religious agenda. Indeed, the reformist group realized that a change has been taking place within the social basis of the NOM. In 1998, Erdogan pointed at this change and claimed that NOM discourse has increasingly distanced the movement from its electorates and failed to respond to their demands.[57]

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[56] Ahmadov, Ramin.2008. "Counter Transformations in the Center and Periphery of Turkish Society and the Rise of the Justice and Development Party." *Alternatives: Turkish Journal of International Relations* 7 (2-3):15-36, p. 25

[57] See Gumuscu 2008

In the aftermath of the February 28 process, as philosophical and political rift emerged within the NOM the schism between the moderates and the hardliners increasingly grows. While hardliners advocated their idea of ideological dogmatism and state interventionism, the moderates decided to respond to change that taking place within Islamic milieus. The Islamic bourgeoisie has played a critical role in strengthening the hand of the moderates. The compatibility of the Islamic bourgeoisie political and economic vision with the moderate's political vision encourages the former to support the latter. They believed moderates' political vision to be in greater conformance with their interests, new class identity, and social status.

The close relation between the Islamic bourgeoisie and moderates crystallized into a strong alliance. The Islamic bourgeoisie supplied the reformist wing with financial, human, and political recourses in order to establish a new conservative democratic party. In addition to its daily newspaper heavy propaganda, MUSIAD's members became the main financers of the movement. The alliance between the MUSIAD and the reformist wing became more evident with the closure of the VP. When the reformists established the AKP party, 28 out of 31 businessmen MPs within the ranks of VP joined AKP. Moreover, several MUSIAD members joined them to establish the party's local offices in Anatolia. The Islamic bourgeoisie supports the AKP and contributes to formulating its policy. The MUSIAD members confirm that the association and its policy recommendations have equipped the AKP with new ideas, which formed the basis of the party program.[58] In the evaluation of the power balance in this coalition, the new bourgeoisie is the driving force of this coalition.[59] Similarly, Onis notes that the fact that the winners of globalization are part of the broad electoral

[58] See Gumuscu 2010, p. 847

[59] Yavuz, Hakan. 2006. "Introduction: The Role of the New Bourgeoisie in the Transformation of the Turkish Islamic Movement." In *The Emergence of a New Turkey: Democracy and the AK Parti,* edited by Hakan Yavuz. Salt Lake City: University of Utah Press. Pp.1-19

coalition also explains "why Islamist politics in Turkey has been evolving in a moderate direction in recent years, because these groups, far more than the poor and underprivileged strata of society, have a lot to lose from open confrontation with the secular establishment and the state elites."[60]

In fact, the AKP program, as discussed in chapter three, acknowledged almost all of the MUSIAD's economic and political demand. The party declares its commitment to a functioning free-market economy with all its rules and institutions and aims at limiting the state's role in the economy to a merely regulatory and supervisory function. Moreover, the party promises to protect the SMEs against the unjust competition by the big businesses by several reforms such as tax reform, provision of alternative and cheap credits and reduction in production costs related to employment. In general, the AKP party program significantly parallels MUSIAD's economic and political demands.

As a "conservative democrat" the AKP departed not only from the leadership of NOM but, more important, from its ideology. Indeed, the AKP program named "Democracy and Development Program" reflected the priorities of the new stage and the new preference of the Islamic social basis. Moreover, AKP's election declaration acknowledged the end of Islamism ideology in the age of globalization. Indeed, the AKP's position on the EU membership and globalization differs significantly from any conventional Islamist stand. The AKP's leadership confirmed that meeting the Copenhagen political criteria is an important step forward for modernization of the country, and the EU membership is a natural outcome of this modernization. Erdogan declared that their "priority was not to resolve the 'headscarf' issue, as would be expected from a pro-Islamic party, but instead to speed up the process to get Turkey into the EU, once called 'the Christian Club' by the NOM"[61]

[60] See Onis 2006, p. 212
[61] See Dagi 2005, p.12

As such, the AKP participation in the 2002 elections, significantly transformed the political establishment and brought the AKP to power, was not about "establishing an Islamic state or instituting Islamic law but rather about redrawing the boundary between the state and society, consolidating civil society, and reconstituting everyday life in terms of a shared vision of the good life."[62] The key factor in AKP striking victory is that the party realizes that the majority of the electorate was searching for a new social contract based on the global discourses of democracy, human rights, and social justice, and to create a morally justifiable modern and participatory life in which civil society is in charge of its own fate.

Although the Islamic roots helped the party in its electoral success, the crucial element of the AKP's rising was the active support of the SMEs in the rising Anatolian cities which was collected under the umbrella of MUSIAD.[63] Moreover, AKP was able to cut across class cleavages and appeal to the diverse segment of the Turkish society including winners and losers in the globalization process. Similarly, Insel noted that AKP receives votes from a good portion of the working class, despite the fact that AKP is a political representative of the new middle class comprising the winner from the economic opening.[64] The AKP was a significant corollary outcome of the transformation in the periphery of the Turkish society.[65]

The 2007 election AKP's platform was more specific about the party's promise for a new constitution. It describes the new constitution as "civilian" and a "social contract." It should protect fundamental rights and liberties in the most effective way in accordance with the standards of the Universal Declaration of Human Right while preserving the basic characteristic of the Republic such as the democratic, secular, and social state based on the rule of

[62] See Yavus 2003, p. 256
[63] See Onis 2006
[64] Insel, Ahmet. 2003. "The AKP and Normalizing Democracy in Turkey." *The South Atlantic Quarterly* 102(2-3):293-308, p. 298
[65] See Ahmadov 2008, p. 25

law. The result of the election, in which the AKP increased its votes substantially in all the geographical regions of the country, indicates that the AKP is a truly cross-class party with broad support in every region and among many different social segments. However, this does not change the fact that the main driving force behind the AKP is the rising Anatolian conservative bourgeoisie. The substantial difference in the 2007 election was that the AKP increased the percentage of the voters from 34 per cent in 2002 to 47 percent in 2007. In doing so, the AKP was the first party that increased its percentage of votes in its second term in office after the electoral victory of the Democratic Party in the 1954 election. In the 2011 elections, the party increased this percentage to about 50 percent of the voters. The result of the elections was viewed as a popular endorsement of the AKP's foreign policy and economic policies. For instance, the high rates of economic growth under AKP rule have paved the way for Turkey's entry to the G20 group.[66]

Conclusion

The Turkish case challenges dominant Orientalist views: that is Islam is incompatible with democracy and capitalism.[67] Moreover, the Turkish case demonstrates that the new wave of globalization has provided new opportunities for the evolution and consolidation of Islamic economic actors. The competitive economic liberalization in Turkey shows considerable success in providing the peripheral groups with an opportunity to move to the centre of the economic and political life. The recent change in the peripheral status has produced new actors with a new class identity. The new Islamic bourgeoisie has vested interests in liberalism and democracy rather than radical political Islam. The new political preference of the Islamic bourgeoisie has contributed

[66] Jung, Dietrich. 2011. Is Turkey a Model for Arab States? Paper presented in Center of contemporary Middle East studies.
[67] See Yavus 2006, p. 4

substantially in raising the moderate AKP and defeating the NOM. The formation and rising of the AKP is a direct response to the changes that were taking place in the Turkish society and the rising of a new social class in terms of lifestyle, wealth and religious identity that prefer political system supporting the integration into global businesses and competitive market economy.

CHAPTER FIVE

Economic Liberalization and the Political Preference of the Islamic Electorates in Egypt

It is explained in chapter three that there is a group within the Islamic movement in Egypt that shows the ability to moderate its political believes in response to the existing political system on the local the international level. However, the moderates are not able to defeat the hardliners within or outside the MB. Unlike in Turkey, the moderate Islamists remain weak and on the margin of the political life. What are the factors behind the continuous popularity of the hardliner within MB? This book argues that socio-economic status of the Islamic milieus after the implementation of economic reforms contributed noticeably in the formulation of their political preference. The economic reforms enhance the interest of the big businesses that have crony relations with the political elites. The lower-middle class and SMEs are the main losers from the economic liberalization. Their political preferences are more compatible with the hardliner agenda because they believe that the Islamic state will provide them with their needs in the long run.

This chapter highlights the political economy of Egypt before and after the liberalization. It discusses the changes in the social structure after the implementation of the economic reforms and the relationship of these reforms with winner and loser classes. The last section of this chapter focuses on the ideological congruence between the Islamic electorates and the hardliners within the MB.

Political Economy in Egypt

Since the second half of the twentieth century, the political-economic trajectory in Egypt witnessed many paradigm shifts. These shifts were affected by the role played by the state in the economic policy. Therefore, the relationship between the state and the economy is an important factor in understanding the development of the Egyptian economy.

Richards and Waterbury emphasized two distinctive modes to the relationship between the state intervention and capitalist accumulation. In the first mode, the state role is to nurture or strengthen the private sector. During this mode, the state struggles to encourage and strengthen the private sector and foreign funds through providing basic infrastructure investments such as roads, railroads, port, and electrical power to stimulate economic activity. The fundamental function of the interventionist role of the state is to absorb and minimize risks for the private sector. In the second mode of accumulation, the state tries to dominate all aspect of economy and takes control of all available resources to finance its own expansion. The state characterized this process as a "socialist transformation," or as following "the non-capitalist path."[1] As a socialist state, which adopted the second mode of accumulation, Egypt started to nationalize the private banks and companies, and impose heavy taxation on private sector goods and services. With Nasser's nationalisation of the Suez Canal in 1956, there was no longer any hope for private foreign investment coming to Egypt in any significant amount.[2]

According to the way in which the Egyptian state intervened in the economic policies, the Egyptian post-independent political economic-trajectory witnessed three paradigm shifts. The first shift, which started at the end of the British colonization era in 1952, is marked by state control over the entire

[1] Richards, Alan and John Waterbury. 1998. *A Political Economy of the Middle East*. Boulder: Westview Press, p. 201, 202

[2] Amin, Galal. 2001. "Fact and fiction in Arab economic development (1950-2000)". *Al-Ahram Weekly,* 10 - 16 May, Issue No.533.

economic sphere. In this period, the Egyptian economy experienced a process of transformation through a state-led industrialization model. The public sector was developed to be the main engine of growth and was responsible for the major part of new investments and employment. The second paradigm shift started in 1973 with the launch of the *Infitah* or Open Door Policy by al-Sadat. The Open Door Policy called for opening up the Egyptian economy to foreign investment and inter-Arab joint investment projects, as well as promoting the role of the private sector in the economy. The third paradigm shift in economic policy happened at the end of boom decade in 1986. The main sources of the revenue shrank sharply in the early 1990s. Therefore, the state adopts the stabilization and structural adjustment policies of the IMF and World Bank.[3]

Pre-liberalization Period

In July 1952, the Egyptian monarchy was overthrown, and the contemporary phase of Egypt's history began. The Free Officers, who led the revolution, came into power with a new economic and political agenda. In the first years of the new regime, the government's pronouncements on economic ideology emphasized the importance of the private sector. However, between the late 1950s and the early 1960s, the transition from a free private enterprise system to a planned economy with a dominant public sector took place.[4] The Nasser's regime adopted what became known as "state-led growth policies," which implemented ISI.

After the extensive nationalization of July 1961 and the establishment of the State Owned Enterprises (SOEs), the government nationalized almost every economic segment. This allowed the Egyptian state to dominate the

[3] Alissa, Sufyan. 2007. "The Political Economy of Reform in Egypt: Understanding the Role of Institutions." *Carnegie Papers*, no. 5

[4] Ikram, Khalid. 2006. *The Egyptian Economy, 1952–2000 Performance, policies, and issues.* London: Routledge

essential economic sectors including most of the private enterprises in industry, manufacturing, trade, insurance, finance, and other services.[5]

The government's new direction came in 1957 through the nationalization of British and French economic interests after the Suez war. Moreover, in1960, Bank Misr and the National Bank were taken into public ownership. What is striking in this step is that, whereas previous nationalizations targeted foreign firms, these banks were owned chiefly by Egyptian nationals. After the biggest waves of nationalization "Socialist Revolution," occurred in 1961, the private sector was "relegated to a relatively minor role. Private property was not abolished, but the opportunities for private economic activity and decision-making, especially in investment and production, were severely circumscribed."[6]

The nationalization policy led to the expansion of the public sector and a greater role to the state in the economy. Waterbury outlines the growth of the public sector as follows:

> By 1965 the public sector had been expanded to its greatest extent to date, and Egypt's economy as a whole grew at remarkable rates. Never before had such investment ratios been achieved. The public sector accounted for nearly 40 percent of total output, 45 percent of domestic savings, and 90 percent of gross domestic capital formation.[7]

The state, since the late 1950s, has been the main actor in Egypt's political and economic development, even after the introduction of the structural adjustment program in the 1990s.[8]

Another dimension of the economic policy of Nasser Governments is a close relationship between the government and a wide range of Egyptian social

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[5] Abdelazim, Saleh. 2002. *Structural Adjustment and the Dismantling of Egypt's Etatist System*. PhD thesis, Virginia Polytechnic Institute, Virginia.
[6] See Ikram 2006, p. 7
[7] Waterbury, John. 1983. *The Egypt of Nasser and Sadat: The Political Economy of Two Regimes*. Princeton: Princeton University Press, p. 81
[8] See Waterbury 1983, p. 134

segments. As discussed in chapter two, after the 1952 coup, whereas the land bourgeoisie was economically and politically destroyed, a strong coalition among the state, urban working class and the rural poor has emerged.[9] The land reform law was the first step towards restructuring the power relations that aimed to remove the land bourgeoisie and form a social coalition of supporters to the regime in its struggle against the colonial power. This national alliance sought to improve the living standards of the masses through rapid industrialization. The working class believes that the state can achieve their economic goals through direct intervention and ensures an equitable distribution of income. Farah noted that populist regimes depend on "'import substitution' to stimulate internal industrialization, coupled with welfare measures such as land reform, free education, and subsidized health care, etc., designed to effect a more equitable distribution in the interest of political stability."[10]

During two decades, Nasser's welfare-oriented policies had achieved two broad aims: greater equity in the distribution of income and wealth, and increased consumption of goods and services.[11] However, the close relationship between economic policies and the foreign affairs during Nasser era interred Egypt in complicated economic problems concerning the foreign exchange. After Nasser attempt to nationalize Sues Canal and the Suez war of 1956, the US and UK governments and international financial organizations decided to withdraw from the financing of the Aswan High Dam.[12] In general, the economy faced a shortage of foreign exchange and an insufficiency of domestic resources. Egypt continuously ran a deficit in its balance of payments. After the reserves had been spent, especially after the war with

[9] See Ibrahim 1994, p.27
[10] See Farah 1994, p.138
[11] See Ikram 2006
[12] See Ates et al 2006

Israel in 1967, Egypt began to accumulate foreign debt.[13] The government attempted to deal with balance of payments difficulties by restricting imports. However, there was no systematic attempt to increase exports.

Economic Liberalization *(infitah)*

In the late 1960s and early 1970s, the Egyptian economy continually suffered from a deficit in its balance of payments. Among others, there are two reasons for the shortage of foreign exchange. First, most Egyptian exports were to Eastern Europe, while most imports were from the West. This imbalance created a serious shortage of hard currency. Second, Egypt export cannot be internationally competitive because the technology that Egypt obtained from the Soviet bloc was mediocre.[14] These economic problems, in addition to other political considerations, led President Sadat to ask his economic advisors to prepare a paper on prospects for the future of Egypt. In October 1974, Sadat declared the October Paper which called opening the Egyptian economy *(Infitah).* The October Paper redefined Egyptian economic policy to be based upon two main issues: first, the Paper emphasizes the need to import technology and attract foreign capital in order to sustain economic development. Second, it discusses the problems of attracting finance, particularly from neighboring oil-rich Arab countries, and the need for providing financial facilities to foreign investors in order to attract them. Indeed, there are some measures taken in this direction such as invitation of foreign banks, incentive rates for the conversion of currency, certain tax exemptions and floating the currency.[15]

The general framework for the new policy was drawn by law 43 of 1974, and its amendment, Law 32 of 1977. Saleh Abdelazim summarizes the

[13] See Ikram 2006
[14] See Ikram 2006, p. 20
[15] See Ates et al 2006, p. 62

main stipulations of this law as follows. First, opening the Egyptian economy to foreign direct investment in almost every sector, including manufacturing, mining, energy, tourism, transportation, development of desert and barren lands, housing and urban development, banking, finance and insurance. The law left no protected sectors or national investment. Second, outlawing nationalization or confiscation of privately-owned enterprises in which foreign investments were made. Third, the law exempted foreign-invested enterprises from taxation for periods ranging from five to fifteen years. Forth, declaring foreign-invested enterprises to be private companies that are exempted from laws and regulations that apply to public sector enterprises.[16] Although the Egyptian capital were included in all privileges granted to the foreign investors, the private sector still has several complaints about the tremendous economic edge that the public sector still has.[17]

The open door policy was seen as a decisive break with the Egyptian economy's past and providing a comprehensive guide to the future direction of the economy. It was expected that the private sector will play a substantial role in the economic process and that foreign investment would be welcomed. However, the actual impact in terms of a significant change in the structure of the economy remained limited. After his discussions with some of the policymakers who were in key positions at the time of the *infitah*, Khalid Ikram argues that

> one should not assess the *infitah* as if it had been designed to provoke a tectonic shift in Egyptian economic policy. The motivation behind the 'opening' was considerably more modest than it's rather grandiose billing might suggest.[18]

> the *infitah* was not in fact a strategy, if by 'strategy' is meant a coherent plan of action, including the passage of suitable legislation, the restructuring of institutions, and the

[16] See Abdelazim 2002, p. 33
[17] See Ibrahim 1994, p. 36
[18] See Ikram 2006, p. 18

adoption of integrated policies. The *infitah* was principally an opportunistic tactic intended to facilitate the inflow of Arab funds.[19]

Similarly, Waterbury has noted that "the *infitah* in no way was designed to dismantle the Nasserist experiment but rather to modify it."[20] Moore evaluates the process as "a political tactic for sustaining authoritarian regimes rather than as a set of reforms for stimulating free enterprise or markets."[21]

The dominant discourse of the *infitah* focused on the importance of the private sector, however, the state continued to play an effective and wide-ranging role in the Egyptian economy. In fact, after the liberalization, the state becomes the prime investor in the economy. The public sector controlled a greater share of the economic activities that the state should have distributed to the private sector. The decision-making power remained authoritarian and centralized. What was more striking is that the state, in the time of liberalization, still maintains the crucial element of an illiberal economic regime. That is very obvious when the state "remained responsible for 70 percent of investment, 80 percent of foreign trade, 90 percent of banking, 95 percent of insurance, and about 65 percent of value added."[22] Furthermore, in spite of its emphasis upon privatization, the bureaucratic apparatus continued to expand, offering new jobs for those who could not be absorbed elsewhere. Between 1970 and 1978, government employees increased from 15 percent of the labor force to 22 percent. [23]

Although the economy grew at an average rate of 8 percent a year between 1974 and early 1980s, this seemed to be encouraged by a series of windfall rents.[24] The growth rate average was based on a conjuncture of three

[19] Ibid 2006, p. 19
[20] See Waterbury, 1985, p. 66
[21] Moore, Clement, H.1986. "Money and power: The dilemma of the Egyptian *Infitah". Middle East Journal 40*(4): 634-650, p. 634
[22] Harik, Iliya.1997. *Economic Policy Reform in Egypt.* Gainesville, FL: University Press of Florida, p. 20
[23] See Abdelazim 2002, pp. 36
[24] See Alissa 2007, p. 3

events. First, the increase in international oil prices in 1973 and 1979 provided Egypt with large windfalls in foreign exchange earnings. The main oil fields in the Gulf of Suez resumed production after the 1973 war. In 1981, revenues from oil exports reached to $3,013 million compared with $44.8 million in 1972. Second, the substantial flows of remittances from the Egyptian workers in the Arab oil countries, which have enormous demand for Egyptian workers in all fields. Third, there was a rapid escalation in external assistance. Arab countries, which had already provided major support, stepped up their aid programs.[25] The boom that Egypt had witnessed after launching the liberalization in 1974 had encouraged the expansion of public-sector expenditures, in particular through public employment and subsidies. In an independent economic situation, which depends on external factors, the boom cannot last for a long time. In the early 1980s, unstable world economy associated with a high level of imports and declining exports placed Egypt in severe straits in its foreign exchange balances. Worker remittances and tourism receipts fell sharply and Suez Canal and oil earnings fell far short of expectations. The deficit again rose sharply to cover the rising costs of subsidized goods and growing imports of foodstuffs.[26]

Moreover, foreign investment, which entered Egypt in the early years of *Infitah*, has been below what had been forecast, and most of it has been concentrated in financial services such as investment finance, banking, housing, tourism, transportation and hospitals. Banks and investment companies were clearly more attractive to foreign investors than factories and land. Almost 68 percent of all outlays went into services compared to 32 percent went to the productive sectors. Indeed Law 32 of 1977 was enacted to allow investors to establish import-substituting firms to sell their products to highly protected domestic markets. Thus, productive ventures that were

[25] See Ikram 2006, 25, p. 26
[26] See Ates et al 2006, p. 65

undertaken tended to produce goods for middle and upper income markets under highly favourable conditions and without regard to export promotion.[27] Furthermore, the private banks, especially the joint ventures and foreign branches, seemed "more interested in extracting foreign exchange remittances from Egyptian depositors for profitable placements abroad than in investing in Egyptian enterprise."[28] Ikram argues that the boom attending upon the *infitah* "created a politico-institutional environment that made rent-seeking activities more profitable than productive activities."[29] In general, the liberalization policy did not achieve its economic goals because the investments mostly came in real estate and luxury goods rather than in industries that would help in increasing domestic production, job creation, and integration into the global economy.

Mubarak's Structural Adjustment

According to African Development Bank's (ADB) Project Performance Evaluation Report (PPER) of 2000, during the 1980s, the Egyptian economy did not respond adequately to the external shocks that resulted from the declines in oil prices, high interest rates and general economic decline. For example, in 1981, Egypt's weighted average export price for crude petroleum collapsed from $34 a barrel to $12 in May 1986. The consequence was massive fiscal and current account deficits that paved the way for the accumulation of external debt. Between 1980 and 1990, the country's external debt increased from $22.1 billion to $31.1 billion and budget deficit averaged 18% of GDP annually. The inflation rate had risen to more than 20%, and open unemployment had risen to about 10% by 1990.[30]

[27] See Waterbury, 1985, p.77
[28] See Moore 1986, p. 642
[29] See Ikram 2006, p. 25
[30] African Development Bank (ADB). 2002. "Egypt economic reform and structural adjustment programme." Project Performance Evaluation Report in May 2000, p. 4

In response to the decline in the Egyptian economy during 1980s period, the government of Egypt initiated the Economic Reform and Structural Adjustment Program[31] (ERSAP) with the support of World Bank, the International Monetary Fund (IMF), African Development Bank (ADB) and other donors. PPER summarize the goals of ERSAP in: first, stabilization of the economy in order to restore macro-economic balance and reduce inflation. Second, stimulate medium and long term growth. Third, modify the social policies to minimize the adverse effects of economic reform on the poor and vulnerable groups. Forth, reforming public enterprises and liberalizing all prices, including interest rates. The structural adjustment assumes that "the introduction of market prices as a basis of resource allocation would gradually pave the way for the emergence of a virile private sector."[32]

With the new policy, the government adopted a series of reforms to achieve the main objectives of stabilizing the economy and generating sustainable economic growth. The reforms bases were reducing the state intervention in the economic activities through liberalization and privatization. The state took many steps to create a liberal market economy, opining the Egyptian economy to outside competition and encourage exports. For example, in 1991 the government liberalized the interest rate of the Egyptian pound and the foreign exchange market. In1995, Egypt joined the World Trade Organization. In 1997, Egypt signed the Greater Arab Free Trade Agreement.[33] These policies led to relatively successful macro-economic stabilization and serious privatization efforts.

[31] Structural adjustment can be defined as the varied policy action (whether home growth or externally driven) that attempts to alter the nature, structure and functioning of economies (see Melville, Juliet A. 2002. "The impact of structural adjustment on the poor".Paper prepared for the Eastern Caribbean Central Bank Seventh Annual Development Conference. Basseterre, St. Kitts and Nevis, p. 2

[32] See African Development Bank's (ADB) Project Performance Evaluation Report (PPER) in 2000, p.1

[33] See Alissa 2007, p. 4

However, Egypt has failed to show the same level of success in the structural reforms.[34] The Structural reforms mean a "set of economic changes and regulations aimed at bringing about a fundamental change in the ownership structure of the state economy."[35] Whereas macro-economic stabilization focuses on short term measures, the structural reforms aim at long term economic change which includes promoting growth, investment, privatization and trade liberalization. Samiha Fawzy concludes that despite the significant reforms undertaken by the Egyptian government during the 1990s, the structural component of the reform policy has not been completed. The privet sector was unable to lead the economic growth because of "slow pace of privatization, high tariff level, young stock market, and underdeveloped insurance and pension system." [36]

State-Private Sector Alliance

Implementation of economic policy, nationalization or privatization is, in fact, an attempt to redefine the relationship between the social and political actors. The change in the economic policies rules may lead to political and social changes.[37] The social actors that include "any and all interests, groups, and classes that interact with the state, seek to shape its policies, and are affected by the state's growth strategies,"[38] are the main contributor to the formulation of the political economy of the state. The economic reforms did not only change the Egyptian economy but also modified the relationship between the state and the different social segments. The economic reforms

[34] See Gumuscu 2010 p. 850
[35] See Abdelazim 2002, p. 96
[36] Fawzy, Samiha.1998. "The business environment in Egypt" *the Egyptian center for economic studies working paper, no.34*, p. 25
[37] See Harik 1997, p. 3
[38] Richards and Waterbury argue that political economy as a product of the interaction of three variable: 1.Economic growth and structural transformation: 2. State structure and policy: 3. Social actors, whether groups or individuals (see Richards and Waterbury, 1998, p.8).

paved the way for the emergence of new interest (winner) groups and wide lower-middle classes (losers).

Privatization, as a concept, means different things to different people as it was used to cover a wide variety of changes in economic and social policy. However, privatization in "industrialized economies" can be defined as a

> transfer of ownership from the public to the private sector within an economic system which, because originally dominated by the private sector, requires no fundamental change in the legal and economic environments which are shaped to suit the dominance of the private sector.[39]

In planned economies or "emerging economies," privatization is more than a simple change in ownership from government to a group of private investors. It is a complex change in "objectives, property rights and business environment, and in the case of utilities, a change in the system of controls faced in their relationship with the government."[40] Therefore, it is a "method of structural transformation which takes away property from the state, creating in the process a new class of capitalists and entrepreneurs."[41] The process was associated with the removal of subsidies and price controls, foreign trade liberalization and macroeconomic policies. In Egypt, where the privatization refers to the opposite of nationalization, the process is regarded as an essential element for the move from a centrally planned to a market-based economy.

The economic reforms produced the opportunity for manufacturing new networks that "linked state officials and former bureaucrats, and permitted them to capture the benefits of privatization, often at the expense of more

[39] Ali El-Dean. Bahaa. 2002. *Privatisation and the creation of a market-based legal system: the case of Egypt*. Boston: Brill, p.2
[40] Ibid, p. 2
[41] Ibid, p. 2

established business actors."[42] There are three groups of actors that make use of the reform process. The first group is the state officials who benefited from direct involvement in the implementation of the reform policies. The second group is the former bureaucrats who were recent entrants into the private sector. The third group is the new businesses who have a close personal connection with the decision-makers. In this sense, the economic reforms process in Egypt "offers insights not only into the dynamics of existing, pre-reform economic networks, but about the role of policy reform in network creation."[43]

During *Infitah* era, the incumbent elite built a new connection with the local and foreign businesses. The policy has opened up opportunities to acquire wealth notably through commissions and other licit or illicit payments from foreign investors or collaboration with the private Egyptian capital. After the economic reforms, the interaction between the Egyptian political elite and big private businesses creates a new class of "state bourgeoisie" or "*Infitah* bourgeoisie." In the same way, family relations played a significant role in formatting political and economic alliances between the private sector and public sector. In Sadat's period, Osman Ahmad Osman, director of the huge Arab Contracting Company is the country's largest capitalist, made his business empire because of his personal and familial relations with Sadat. For the same reasons, capitalist like Sayid Marei and Mahmoud Abu Wafia, both from old landed families, represent the agrarian bourgeoisie in the inner circles of power. They supported the political liberalization and, at the same time, used it to form their formidable business networks.[44]

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[42] Sfakianakis , John .2004. "The Whales of the Nile: Networks, Businessmen, and Bureaucrats during the Era of Privatization in Egypt."In *Networks of Privilege in the Middle East,* edited by Steven Heydemann. New York, NY: Palgrave Macmillan. Pp. 101-132, p. 78

[43] Ibid, p. 78

[44] Hinnebusch, Raymond A. 1981. "Egypt under Sadat: Elites, Power Structure, and Political Change in a Post-Populist State." *Social Problems* 28(4):442-464

Patronage relations and crony practices are the main characteristics of the ERSAP. State-business relations operated on two distinct but interconnected levels:

> On one hand, businessmen acted to preserve the collective good represented by an environment of crony capitalism that favored the presence of privileged economic networks. On the other, they competed, often aggressively, to insert their particular networks into channels of rent seeking that were being altered by policy reforms.[45]

The winner businessmen groups did not benefit from the economic liberalization because of their economic and competitive ability, but because they have crony ties that linked them to the regime and to the established networks among the businessmen and the policymakers.

During the 1990s, the Egyptian economy witnessed series of crony practices. In fact, the crony practices did not only include "nontransparent privatization" but also "privileged access to public bank credit, public procurement and market positions."[46] State-business relations developed a line of cronyism in which property rights have not been distributed evenly among the private sector. The established rent-havens generate unnatural profits for a few big businesses, often selected on a political basis. For example, credit access was only available to "few lucky" of politically connected businessmen rather than a wider group of businesses and individuals. The public banks provided these credits on the basis of crony relations with big businesses rather than sufficient collateral. Until 2000, almost half of the total credits extended to the private sector were received by 343 clients. The top eight debtors received 6 per cent of the total credit. Moreover, by 2002, almost 18 percent of the non-performing loans in the banking sector were held by twelve clients. Furthermore, few politically-selected businessmen have had privileged access

[45] See Sfakianakis 2004, p. 78

[46] Adly, Amr Ismail. 2009. "Politically-Embedded Cronyism: The Case of PostLiberalization Egypt", Business & Politics 11,1-28, p. 11

to the public sector banks despite their poor financial condition and insufficient guarantees. Almost, more than 50 per cent of the total credit extended to the private sector was given without adequate guarantees.[47] In the uncompetitive economic environment, SMEs have a narrow scope to grow. The small entrepreneurs have no protection from the discrimination of the state because they have no political or personal relations with political elites and there is no association or organized group that could defend their collective interests.[48] Therefore, the economic reforms in Egypt, unlike in Turkey, not only hindered the development of the SMEs but also deprived it of any chance to compete in a free market.

When Ahmed Nazif became a prime minister in 1994, the government launched the last wave of privatization. By late 2006, more than half the banking sector had become privately owned. However, the main support for privatization efforts comes from the well-connected and very wealthy business elites, who are often close to the regime or even part of it. Those actors were extremely influential in both the political and economic realms. Winner businessman like Ahmed Ezz[49] is an excellent example of the close association between wealth and political power in Egypt.[50] The association between wealth and power led to the creation of privileged market-positions such as "monopolies and quasi-monopolies" for a limited number of big firms. Sectors like multi-media, iron and steel, and cement showed considerable concentration with high entry and exit barriers through state regulation aimed at protecting the market shares of influential big businessmen.[51]

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47 Ibid, p. 11

48 See Gumuscu 2008

49 Ahmed Ezz is the chairman of El-Ezz Steel, the largest company in the country's steel industry, which it dominates with about a 70 percent share. He is a high-ranking member of the ruling National Democratic Party (NDP) and also the chairman of the People Assembly's Budget and Planning Committee. He is also a close associate of Gamal Mubarak, President Hosni Mubarak's son (see Alissa 2007, p. 9).

50 See Alissa 2007

51 See Adly 2009, p. 12

Despite the fact that the Egyptian state has undergone radical changes since the introduction of the economic liberalization since the 1970s, the liberalization reforms failed to create a foundation for a competitive economy. At the same time, the state has started a long process of cutting the welfare system that benefited the most vulnerable groups in Egypt. In the liberalization era, "instead of restructuring its taxation scheme, building on direct taxes and the Egyptian state still focuses on indirect taxes, which greatly affect the many Egyptians who depend on government salaries."[52] The economic reforms and privatization system focus more on the "subsidizing the private sector at the expense of the nation as a whole."[53] By the reduction of the social subsidies and formation of the state bourgeoisie, the state lost its role as a supporter of the most vulnerable groups in the society. The government prefers to stand beside the social minority, the rich interest groups at the expense of the majority, poor and low-middle class, of the Egyptian society.

Economic Liberalization and Lower-Middle Classes

The authoritarian nature was the main feature of the Egyptian political system in the second half of the 20th century. However, the Nasser's regime was identified as a popular regime because of its welfare measures such as land reform and subsiding food and other services. Whereas Sadat's and Mubarak's regimes were depicted as "bureaucratic-authoritarian," they built on strategic relationships between bureaucracy civilian or military, big businesses and political elites. The regime's bureaucratic policy is the leading cause of deterioration of social equity and marginalization of a growing proportion of the population.[54] The liberalization and privatization process was politically managed to maintain a significant role for the state in the economy. Moreover,

[52] See Abdelazim 2002, p.110
[53] See Farah 2009, p. 50
[54] See Farah 1994

the state allowed the new "crosscutting public-private networks" linking bureaucrats and businessmen to play a great role in legislative and bureaucratic arenas behaving on the dynamic of "Winners Take All."[55] The social segments, which were excluded from this powerful alliance, have no effective influence in the distribution of the state income. The lower -middle class and the SMEs are the main losers of the economic reforms.

The World Bank's report of 1991 noted that Egypt has experienced a recession that had adverse social consequences in terms of employment and standards of living. The close observation indicated that the poorest groups in the population have been badly hurt. The growing budget deficit added to the slowdown of investment and output of the private sector placed more pressure on government expenditure. As a result, the Egyptian economy witnesses a "decline in the level of job creation in the public sector, a pattern of wage compression for civil service employees, diminishing public resources for the social sectors, and cutbacks in the food ration and subsidy system." The report concluded that there are three potential costs associated with macroeconomic adjustment program: "growing unemployment; price increases for food commodities and other goods and services; and deterioration in the provision of social services."[56]

The structural adjustment programs are not enough to solve the entire economic problems. In fact, there is much scepticism about the ability of the structural adjustment in achieving a real economic growth. The data points to a slow growth or no growth, and in cases where growth has been recorded the rates of growth achieved were below that of the pre-adjustment period. The impact of these measures on the vulnerable classes was continuously debated. However, the evidence shows that growth in reducing poverty has been far from acceptable, and "poverty and inequality have grown significantly in some

[55] See Sfakianakis 2004, p. 85
[56] Ibid, p. xvii

countries and regions."[57] The economic measures are unsuccessful because they are focusing on short-term economic problems rather than a long-term solution. As such, the structural adjustment could not achieve economic prosperity. The plan is that the lower-middle classes would suffer only for a short time. Nevertheless, they suffered for a long time from the removal of subsidies on basic food items and services that represent the higher percentage of their consumption basket. Likewise, wages, the major income for the lower-middle class, were substantially affected by the structural adjustment program. The earnings of employees were continuously decreased. For example, in the manufacturing sector, the wages dropped by 40 percent between 1985 and 1995.[58] The continuous dropping of the wages indicates that the changes in the state budget have happened at the expense of the lower-middle class. The structural adjustment policies have done nothing to improve the living conditions of the poor. It contributes in promoting social inequality and impoverishment in the Egyptian society. The effects of economic liberalization were only felt by the vulnerable groups in the form of income decrease. In 2000, the percentage of Egyptians living under $2 a day is a staggering 52.7% of the total population.[59]

The positive trend in remittances driven by the rise in oil prices and the significant flow of aid, mainly from US and EU, contributed noticeably to stabilize the Egyptian economy, increasing foreign reserves and decreasing the budget deficit. The budget deficit decreased from 9.6 percent in 2004/2005 to 8.2 percent in 2005/2006. Nevertheless, the lower-middle classes still face the same problems of widespread poverty and unemployment. In 2000, the poverty affecting about 43 per cent of the population, reduced to 41 per cent in 2005 or 28 million people. Furthermore, absolute poverty increased during this period

[57] See Melville 2002, p. 4
[58] See Abdelazim 2002, p. 118
[59] See Farah 2009

from 17 percent in 2000 to 20 percent in 2005.[60] In the rural areas the rate of poverty is almost double higher[61] than that of the urban areas. The rural underdeveloped areas obtain limited benefits from the economic growth because they have limited political power. The differences in the economic benefits encouraged significant numbers to migrate from rural to urban areas.[62]

Although there are no reliable statistics about the rate of unemployment in Egypt,[63] the unemployment problem is one of the complicated outcomes of the economic policies. Although the ISI provided a solution to the unemployment among educated professionals,[64] the unemployment among the graduates Egyptian was a "phenomenon" in the liberalization era. The first-time job seekers of intermediate and above intermediate education wait for more than four years to find a job. For example, the proportion of holders of intermediate degrees among the unemployed "increased from 53 percent in 1990 to nearly 75percent in 1995."[65] In 2000, the unemployment included four social groups.

> First, it was essentially a problem of the youth, with unemployment for the 15–29 age groups standing at 84 percent, the majority of them being first-time job seekers. Second, unemployment was concentrated among graduates of intermediate education, who accounted for nearly 55 percent of total unemployment. Third, unemployment remained more of a rural than an urban problem, with 52 percent of total unemployment being attributed to the rural areas. Fourth, a severe gender bias existed with the unemployment rate among women being double the national average and almost 3.5 times that of males.[66]

[60] See Alissa 2007, p.13
[61] Whereas the poverty rate is 52 per cent in the rural areas, it is 26 per cent in the urban areas.
[62] See Alissa 2007, p. 14
[63] See Abdelazim 2002, p. 122
[64] Clark, Janine. 2004. *Islam, Charity, and Activism: Middle-class Networks and Social Welfare in Egypt, Jordan, and Yemen*. Indianapolis: Indiana University Press, p. 18
[65] See Ikram 2006, p. 231
[66] Ibid, p. 245, 256

In general, structural adjustment has acted to reduce rather than increase the demand for labour in Egypt. The creation of jobs during the 1970s and 1980s was restricted to low skilled and non-tradable sectors such as construction.[67]

In sum, the *Infitah* and structural adjustment policies have not succeeded in halting the ever increasing rates of unemployment and poverty. Moreover, it contributed to widen the gap between the winners, rich state bourgeoisie, and the losers, poor lower-middle class and SMEs. ERSAPs have an adverse impact on the standard of living of the most vulnerable members of society. The living conditions of lower-middle class, which depends mainly on employment as their source of income, were negatively affected by ERSAP because of the increase in the cost of living, removal of a significant share of food subsidies, changes in the employment policies, privatisation and limitation in the delivery of free social services. At the same time, as poverty has become more extensive, luxurious housing complexes thrive next to the shanty housing of the poor; "fancy cars drive side by side with dilapidated busses down over-crowded streets and new supermarkets stock French cheeses while children search the garbage for leftover food."[68]

The Relationship Between Lower-Middle Class and MB

Unlike in Turkey, the economic liberalization in Egypt can be classified as crony liberalization process in which the state and its center elites play the leading role. This process generates a strong sense of disappointment among many segments of the Egyptian society. The social contract between the state and lower-middle classes that were concluded during the period of ISI

[67] Farage,Fatemah. 1999. "The Ghost of Full Employment." *Al-Ahram Weekly*. 11 - 17 November 1999. Issue no. 455

[68] Farage Fatemah.2000. "The Price Paid by the Poor." *Al-Ahram Weekly*. 20 - 26 January 2000. Issue no. 465

becomes weaker as the economic and political marginalization of these classes comes to be real. The planned discrimination strengthened the periphery identity among the loser masses as a counter to the center and the economic elite. As discussed in chapter two, the winners-losers division between the centre and periphery revolves around two dimensions: secularism-religion and socio-economic power. As a result, this division was the main contributor to enhancing religiously oriented political preferences.

In the early 1970s, el-Sadat allowed the Islamic group to join the political fold because he "had felt that the Islamic groups, including the brothers, would counterbalance the combined opposition to his regime (mounted by Nasserite and leftist elements)."[69] The greater margin of freedom gives the MB an opportunity to organize the movement, republish their banned monthly magazine *al-Da'aw* (the Call) and to win the support of the Egyptian's masses.[70] The MB, though it was illegal, became a mass movement in the late 1970s.[71] The Islamic revival attracted followers from a broad spectrum of social classes. Most members of Islamist groups have come from the lower-middle classes and the urban working class. The activists were rural-urban migrants, urban middle-class, youth whose fathers were middle-level government employees or professionals and university students or recent graduates. The MB provided these social groups with the alternative ideal that emphasized the Islamist ideology, fairness and social justice.[72] The main reason for being supporter, member or activist in the MB was the demand for the implementation of *shari'a* and the opposition to peace with Israel;[73] however, the Egyptian public embraced religion as an answer to their never-ending economic and social problems. The socio-political transformations of

[69] Ibrahim, Saad Eddin.2002. *Egypt, Islam, and Democracy.* Cairo: The American University in Cairo Press, p. 36
[70] See Ibid 2002, p. 36
[71] Duval-Leroy, Julien. 2007. "The Muslim brothers in Egypt: the driving force behind an Islamic dictatorship." *Research institute for European and American studies research paper, no 114,* p. 12
[72] See Wickham 2002, p. 161
[73] See Duval-Leroy 2007

the 1970s provided the "context for the emergence of the field of religion as the domain of articulating the ideological challenge to the dominant social forces."[74] As a socio-political movement with an effective leadership, the MB was able to broaden its social bases, increase its membership and organize at the grassroots level.[75]

Unsuccessful socio-economic policies during the liberalization period provide the MB with an opportunity to launch its attack on the state policies and ruling elites. The MB shows appreciable sympathy with the vulnerable social classes because of its socio-economic alternative policy that focuses more on "self-reliance, nationalization of major utilities and production enterprises, and taxation of the wealthy through *zakat* for welfare subsidy for the poor's basic needs."[76] The limitation of the social services provided by the state gives the movement a chance to fill the state place. The movement showed considerable success in providing cheap services such as daycare centers, schooling, adult literacy classes, sports clubs, secondhand clothing shops, classes to upgrade skills, wedding and funeral services, and mosque-based Islamic medical clinics. The movement participated in decreasing the unemployment rate through finding jobs for unemployed graduates. For example, many doctors work half or full time in the Islamic clinic because they have no chance to employ by the Ministry of Health.[77]

In addition to the socio-economic conditions, the adaptation of political Islam ideology is a response to the "culture of alienation" that prevailed among educated lower-middle class youth. According to Clark, political Islam is a response not only to the secular state's inability to provide social welfare services but against the secularity of the state itself. It represents an "ideology through action" by showing the shortcomings of the secular state and creating

[74] See Ismail 1994, p. 17
[75] See Ibrahim 2002, p. 24
[76] Ibid, p. 41
[77] See Clark 2004

the image of their alternative.[78] Many graduates had profound grievances concerning their limited prospects for advancement as well as what they perceived as the breakdown of fairness and accountability in the society at large. Therefore, they search for a solution of the social problems or what they call "the crisis of the morals" caused by wealthy and powerful elites who manipulate the system to their own advantages. In the end, many find the solution in Islam. Islamic movements provided these classes with an ideal of establishing an alternative order. The alternative was an Islamic state which would deliver higher status and social justice.[79]

In its alliance with the vast majority of losers from the state economic policies, the MB focused on exploring the corruption of the state's elites and social problems such as poverty and unemployment. The MB succeeded in attracting a broad front of political support from these groups because it expresses their grievances and frustration. The state inability to provide welfare benefit and social services helped the movement "not only to attract people but also to foster a benevolent image."[80] The MB control over the most important professional syndicates indicates the popularity of the movement among the frustrated Egyptians. Indeed the syndicates proved "ideal outlets for such frustrations, and the new Islamists seized the opportunity to cultivate this lost generation whose dreams of upward mobility had fizzled."[81] The MB's electoral programs emphasized the needs of the low-income groups in the Egyptian society. In return, the MB receives a considerable support from them.

The MB's popularity did not prevent ideological stagnation. The ideological division between the hardliners and the moderate members was on the political agenda of the movement and its relationship with the state and

[78] See Clark 2004, p. 12
[79] See Wickham 2002, p. 159
[80] See Duval-Leroy 2007, p. 7
[81] Abdo, Geneive. *2000. No God but God: Egyptian and the triumph of Islam*. Oxford: oxford university press. Quoted in Stacher, Joshua A. 2002. "Post-Islamist Rumblings in Egypt: The Emergence of the Wasat Party." *The Middle East Journal* 56 (3): 415-432, p. 418

other secular forces. As a result, as discussed in chapter three, the new generation of the brothers founded an independent political party with no organic ties with the MB's old guards. The establishment of *Wasat* party was accompanied by redefining the critical concepts such as citizenship, democracy and pluralism. In the parliamentary elections of 2005, the moderate pragmatic discourse of the party largely fails to represent the interests of peripheral Islamic constituencies particularly lower-middle class and SME owners. Whereas, the MB held one-fifth of the seats in the Egyptian parliament with 88 deputies running as independents, the *Wasat* party popular support does not exceed a couple of percentage points. The result of the 2005 election declared, beyond any doubt, that the Islamic electorates choose the relatively Islamist ideology than moderate ideology.

Ostensibly, the factor that makes the balance of power trend in favour of hardliners is the nature of the Islamic electorates. The marginalized status of the Islamic electorates generated a feeling of disappointment and frustration among them. Annulment the social contract between the state and lower-middle classes motivated these classes to support the Islamic ideology as they believed that it would promote their interest in the long run. Moreover, the Islamic milieus conceived the Islamic ideology as an alternative or counter ideology to the state's corrupt secular ideology. The weakness of the pragmatist elements within the Islamic electorates makes "ideological dogmatism prevails over pragmatism within the ranks of the MB."[82] In short, the absence of the social pressure toward comprehensive moderation enabled the hardliners within the MB to continue their strict policy toward many significant political, social and economic issues.

[82] See Gumuscu 2010, p. 853

Conclusion

The implementation of economic liberalization in Egypt gives a quite different result in comparison with the Turkish model. In Egypt, the state captured by the powerful big businesses and "non-transparent State-business relations" led for uneven distribution of state income. The economic reform generates unnatural profits to a limited number of firms which are politically linked to State incumbents.[83] At the same time, the privatization process did not succeed in stopping the continuous state dominance over the economy. The retreat of the state from subsiding food and other welfare services, transforms the Islamic electorates represented by the lower-middle classes and peripheral groups to be the main losers from the reforms. The widespread poverty and unemployment among these classes generate a feeling of frustration and disappointment from the secular state. Thus, they demand more Islamist ideology to replace the corrupt secular state establishment. The political preferences of Islamic electorates are compatible with the hardliner platform declared by the MB. The ideological alliance between the peripheral losers and the MB's hardliners minimizes the social pressure toward ideological moderation and chance of moderate Islamist, *Wasat* party, to lead the political Islam in Egypt.

[83] See Adly 2009, p. 7

Conclusion

By highlighting the role of the economic liberalization policies as key factors in the formulation and transformation of the Islamic identity, the book emphasizes the role of the Islamic electorates as an agency for expressing the demands of different groups in the Islamic milieu. The political and economic situation of the Islamist electorates is one of the driving forces in formulating the Islamist groups' platforms. Therefore, the changes towards moderation or radicalization that take place within the Islamic milieus are important in inspiring the Islamist groups to review their political platform to be compatible with the new interests of their social basis.

In a comparative perspective, this book has shown that there are visible similarities in the social structures between Turkey and Egypt. In both countries, the social cleavages between the center and the periphery are real. Whereas the secular elites such as political elite, military, upper class and big businesses represent the center, the periphery is formed by relatively religious groups which were excluded from political and economic power such as lower-middle class, professionals and SMEs. In both countries, the division between the center and periphery revolves around two dimensions: secularism-religion and socio-economic power. The emergence of political Islam in both countries was partly to support the peripheral groups in their continuous conflict with the secular center. State repression of the Islamic groups and social inequity strengthen the alliance between political Islam and the peripheral groups. However, after the implementation of economic reforms, the relationship between the peripheral groups and different factions of political Islam was changed. The different trajectory of reforms pushes the peripheral groups in Turkey and Egypt to interact differently with these reforms. As a result, these

groups create new classes with different identities that support the moderate in Turkey and the hardliners in Egypt.

The economic reforms in Turkey and Egypt have had considerable effects on the political interests of Islamic electorates. The economic reforms create new circles of winners and losers with new political and economic preferences. The class struggle between the losers and winners consolidates the sense of class identity that determines the political support to the different factions within the Islamist groups. The identity differences explore the reasons that make the Islamist electorates marginalize the hardliners in Turkey and support them in Egypt.

The successful economic liberalization process in Turkey transforms the status of the periphery businesses from losers to winners. The new winner actors formed the Islamic bourgeoisie with a new class identity. The new Anatolian-based Islamic bourgeoisie is not only critique to the state's secularity, but also the Islamic traditions of everyday life. Although the Islamic bourgeoisie actors do not drop Islam from their globalized life, they transform their understanding of Islam in the way that makes their religious practices more consistent with their new life-style. The Islamic bourgeoisie emphasized democratic principles, individual liberties, economic liberalization and social Islam rather than political Islam. The new preferences of the Islamic bourgeoisie have substantially shaped the future course of Islamist ideology. The rising of new social class in terms of life-style, wealth, education, religious identity and international orientations encouraged the moderate group within NOM to establish the AKP with a new moderate political platform. The foundation of the AKP is a direct response to the social changes that took place in Turkish society during the last two decades.

In Egypt, liberalization reforms had been implemented over the course of almost four decades; nonetheless, they did not show the same success of the Turkish model. The Egyptian economic liberalization process not only

increased the suffering of the lower-middle classes but also enlarged the social groups that can be seen as peripheral groups. The crony nature of the economic policy favoring a small group of politically selected big businessmen left no chance to the peripheral businesses to benefit from the liberalization. The economic stabilization procedures such as reducing the government expenditure, freezing the salaries, removal of price control and making cuts in education, health and social welfare services transfer made the lower-middle classes the main losers of the of the reforms process. The economic discrimination of the lower-middle classes has enhanced a sense of frustration and disappointment among these classes. As a result, they construct an alternative order based on Islamist ideology because they believe that Islam can provide a practical solution to their economic problems. The alliances between the hardliners and a wide range of the frustrated social segments left a limited opportunity to moderate Islamist to lead the Islamic movement in Egypt.

The economic liberalization accompanied by the emergence of an effective Islamic bourgeoisie is the key factor in the transition of the Turkish political Islam. However, this does not necessarily mean that implementation of competitive economic reforms in any country will inevitably generate a new class identity within the Islamic milieus that prefer moderate policy and liberal economy. Furthermore, the emergence of an independent, strong and politically effective Islamic bourgeoisie is not the only contributor to stimulating the moderation of political Islam in Turkey. Indeed, in Turkey, there are many other factors that play a parallel role in the foundation and the rising of the AKP party. The unconsolidated Turkish democracy is one of these important factors. Despite its long history, the Turkish democracy witnessed different kinds of intervention by the secular military establishment. The Turkish army, as a guard of the secular traditions, had tried many times to cleanse the public sphere of identity claims based on religion and ethnicity.

Thus, the army intervention contributed in limiting of the hardliners bloc. Likewise, the long secular traditions of the Turkish political system, which is by nature hostile to the hardliners Islamist, provided no opportunity to the Islamist agenda to attain political power. However, the nature of the Turkish democracy as a multi-level political system helped many Islamists to present themselves to the Islamist electorates at the local level. Other factors such as the possible membership in EU, Erbakan challenging style, and the strong associations like MUSIAD may have their indirect effects on the rising the moderate and providing them with opportunities to defeat the hardliners. Practically, although the economic liberalization had the primary role in the rising of the AKP, this does not change the fact that the party, at least partly, "is also a product of the path-dependent institutional setting of the Turkish republic and decades of West-integration that have characterized the political history of the country."[1]

In Egypt, the authoritarian nature of the political regime, before the youth revolution, has a considerable influence on the balance of power between the moderates and hardliners. In fact, the state succeeds in increasing its control over all the political opposition actors through the use of the emergency law and repression or by integrating the opposition parties into the regime's patronage network. Thus, many of the political parties lost their legitimacy among the social bases. However, the MB was the main opposition group which has challenged the corrupt regime. The state wave of repression the against MB, and for example, the harsh wave of repression that followed its strong showing in the 2005 parliamentary elections increased the social bases of the MB as the only organized political opposition.

[1] See Jung 2011, p. 4

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من التشدّد إلى الاعتدال

ديناميكية القواعد الشعبية للأحزاب الإسلامية

تجنب هذا الكتاب الخوض في النقاشات النظرية حول مسألة توافق الإسلام مع الديمقراطية وركَّز بدلا عن ذلك على تحليل الظروف التي تساعد على اعتدال الحركات الاسلامية المتشددة، وتحولها الى احزاب ديمقراطية تعددية من خلال دراسة دور القواعد الانتخابية في عمليه الاعتدال. بالاستناد إلى مقولة "إن طبيعة ومعتقدات الناخبين تؤثر على توجه الأحزاب ومعتقداتها" يطرح هذا الكتاب فرضية أن التوجه السياسي للفئات الاجتماعية التي تشكل القواعد الانتخابية للاحزاب الإسلامية يمكن أن يساهم بشكل كبير في صياغة او إعادة صياغة الخطاب السياسي لهذه للأحزاب.

من خلال تحليل العوامل التي تساعد على صياغة التوجهات السياسية لهذه للفئات في تركيا و مصر يمكن القول بأن الوضع الاجتماعي والاقتصادي لهذه الفئات هو العامل الاساسي في تحديد توجهاتها واهدافها السياسية. لذلك، فان تغيرالوضع الاجتماعي والاقتصادي للقواعد الانتخابية يؤدي الى اعادة تشكيل قناعاتها السياسية وبالتالي تشجيع الأحزاب الإسلامية على مراجعة مناهجها السياسية، من أجل تلبية مصالح جمهورها.

رغم أن تركيا ومصر من الدول العلمانية، إلا أن كلّاً منهما لديها حركات إسلامية منظمة تنظيماً جيداً كان لها تأثير كبير على الحياة السياسية منذ ظهورها كحركات راديكالية، تهدف إلى إقامة دولة إسلامية. ومع ذلك، في تسعينات القرن الماضي، أظهرت بعض الجماعات داخل هذه الحركات تحولاً كبيراً نحو الاعتدال في العمل السياسي. يحاول هذا الكتاب تحليل الاسباب التي ساعدت الإسلاميين المعتدلين على تهميش الجماعات المتشددة وتغيير الفكر السياسي للحركة الإسلامية في تركيا، ومقارنتها مع الاسباب التي جعلت الجماعات المعتدلة في مصر ضعيفة وغير مؤثره في مسيرة الاسلام السياسي.

ان السبب الرئيسي لهذا الاختلاف يعود الى الاختلاف في تاثير الاصلاحات الاقتصادية على الناخبين في كلا البلدين. في تركيا بفضل الاصلاحات الاقتصادية الناجحة استطاعت الطبقات الاجتماعية المناصرة للاسلام السياسي من تغير واقعها الاجتماعي والاقتصادي وبالتالي تغير خطابها السياسي الى خطاب معتدل. اما في مصر، فقد ادى الفساد في الاصلاحات الاقتصادية الى سيطرة الطبقات الغنية على مفاصل الاقتصاد وترك الطبقات الفقيرة على هامش القوة السياسية والاقتصادية. لذلك، تبنت هذه الطبقات خطاب سياسي متشدد ودعمت بشكل كبير الجهات والشخصيات المتشددة داخل الأحزاب الإسلامية.