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## **THE EMERGENCE OF ISLAMISM IN THE ARAB WORLD: ECONOMIC IMPLICATIONS FOR THE WEST**

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Economic Implications for the West**

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In the eighties, political Islam came dramatically to the forefront in the Arab countries. This rise has led to much discussion in the West about possible political and security consequences, while far less attention seems to be focussed on economic implications. This chapter deals with the latter.

The Islamic economy: plans and "real" economies

Before the economic implications of the Islamist rise can be discussed, some preliminary considerations are in order.

There was no homogeneous force behind the expansion of Islam's political sphere of influence during the eighties. It was, to some extent, the result of the consolidation of the Arab monarchies in the Gulf, but it was also brought on by the strengthening of opposition movements and parties in other Arab countries. Some of these formations--like the ISF (Islamic Salvation Front) in Algeria--are new, while others--like the Muslim Brotherhood--existed already. These diverse forces share the rather general objective of establishing political communities based on application of the *shariah*. Aside from that, they vary substantially and are sometimes politically opposite: the one conservative, the other radical, with a vast intermediate area gravitating towards one of the two poles.

In addition to their dissimilar political and ideological aspirations, the Islamic forces operating in the Arab world today also play different roles. In some cases, they form or participate in government. In other cases--in those countries with legislative assemblies--they are represented in the opposition. In others yet, they belong to a clandestine, semi-legal and sometimes violent opposition, such as in Algeria and Egypt. Finally, in the Occupied Territories, Islamism has arisen as a component of the liberation movement critical of the nationalist and secular tendencies of the PLO that have hegemonized the Palestinians' struggle against Israel to date.

Owing to these differences, the economic views and objectives of Islamic forces in the Arab world also differ. Unfortunately, homogeneous sources of information on the economic views of the various groups making up the Islamic political movement are lacking. There is, however, abundant and high-quality literature on the principles of the Islamic economy and, especially, on the characteristics of Islamic banking. Indeed, Islamic scholars consider the latter, which has grown intensely in recent years, an area particularly suited to the establishment of an economic organization concretely alternative to that of the West. Less attention has been dedicated to the problem of compatibility between the growing Islamic sector and the other sectors of the world economy, which now, after the decline of the planned economy sector, largely coincide with the Western capitalist economy. Finally, available sources deal only very partially and indirectly with the views of Islamic opposition movements and parties, especially

those operating clandestinely or illegally.

Which Islamic economy, then, should be examined here? The economy of the Islamists, which is essentially an ideological project? Or the economies of those countries, like Iran, Saudi Arabia and Pakistan, and, more recently, the Islamic republics of the Sudan and Mauritania, in which the state is organized like an Islamic community and the law in force is that of the *shariah*? These are countries in which "real" Islamic economies exist, that is, they are real examples of Islamic management of the economy.

The issue addressed here requires examination of both kinds of economies. Even those Islamic regimes like Saudi Arabia, which many Islamists feel do not reflect--or even betray--the political ideals of Islam, must be considered. And the reasons are worth mentioning: In the Arab world, as elsewhere, the Islamic movement is characterized by marked internal differences, starting with those concerning relations with Western states. The various parties, are, however, brought together by their strong desire to assert their cultural and political identity on the basis of Islam. Thus, the differences do not keep Islamist ideologists seeking to establish an Islamic economy from taking advantage of the know-how of Saudi or Pakistani "technocrats" managing Islamic banks. The latter have, in turn, effectively contributed to elaborating the sparse economic indications found in the Koran and the *hadith*.

Although the relevancy and pertinency of institutions such as Islamic banks may be questioned, it is important to understand that they satisfy the desire of believers to assert their Islamic identity. Thus, they may have political relevance which cancels the differences between the various and often opposite ideological inclinations of Arab Islamism.

Finally, a unitary approach will make it possible to compensate in some way for the deficiencies in information mentioned earlier. It should not be forgotten that attention in this chapter will be focussed on Arab Islamists and on the economic consequences of their rise for the West. But since direct information on the economic thought of Arab Islamists is not exhaustive and since their experience in government is too recent to be indicative, the problem at hand will have to be seen in a broader perspective, drawing on the experiences and elaborations of other Islamic political movements and non-Arab countries such as Iran.

### The problem from the West's point of view

While the political and security implications of the rise of Islam that would cause concern in the West are rather clear, the same cannot be said for the economic implications.

Epistemological debate sheds little light on the issue: from an epistemological point of view, it is undeniable that Islamists' thought has not been able to found an autonomous Islamic economic science. Olivier Roy has emphatically pointed out that Islamists' thought on Islamic economy is nothing but a theological anthropology.<sup>1</sup>

More trenchant is the question whether Islamic economies have a distinctive character. Roy's answer to this question is also negative. He underlines that Islamists do not seem able to offer "une alternative économique" and that "real" Islamic economies do not differ from those of the West. He concludes that "l'économie islamique n'est que le peuplement d'une matrice empruntée à l'Occident par une

terminologie juridique fondée sur une anthropologie éthique".

Actually, Roy's conclusions on this point seem somewhat excessive. What is important in going from epistemology to economic policy is content and line of action, and only to a much lesser degree whether or not these have been borrowed from the West. Thus, even if Islamic banking activity were no more than an *escamotage*, as Roy seems to believe, it nevertheless has a real impact on the international financial integration of the Islamic countries. Subjective distinctiveness—that is, that which the actors attribute to their economy—is different from objective distinctiveness—that is, the distinctiveness of the political objectives which the actors in question aim to achieve; while the subjective foundation of this distinctiveness can be questioned, the specific political objectives are real.

Thus, the fact that the Islamists—rising stars in the Arab and Muslim firmament—intend to pursue distinct objectives rivalling or even opposing those of Western economies, is the reality that the West must deal with, regardless of whether the economic policies implemented are really Islamist or not. In other words, Islamist economic policies may not exist, but the economic policies of Islamists and, more generally, the Islamic world, do. What are their implications for the economy of the West?

As already mentioned, common aims shared by different political Islamic streams are accompanied by strong differences in circumstances and objectives. Therefore, there is no one response. Distinct answers are required by the various political models present in the Arab and Islamic world today and the diverse economic policies that derive or could derive from them. Before assessing the implications for the West, then, these models or cases must be examined.

### The economy of the Islamists: some cases

*The practice of virtue* - In general, the Islamic economic view prefers stability over growth. This preference is manifest in fundamental notions contained in the Koran as well as in contemporary elaborations.

The need for equity is prevalent in the Islamic view. In conjunction with the fact that time is not regarded as an economic factor, this need for equity privileges the search for stability over that for growth with all the inequalities and discontinuity that growth implies in the short-medium term. According to the conception emerging from the Koran, transactions must not result in the increased wealth of one of the parties involved. Such an increase (*riba*) is forbidden. This prohibition is particularly well known in reference to money and interest, but it also has a broader application to all transactions and exchanges. The concepts of hazard and risk are also prohibited.<sup>2</sup> Even though, Islamic banking replaces interest with profit-sharing and the latter is presented as joint participation in risk<sup>3</sup>, what legitimizes Islamic banking is not the risk in itself, but the notion of equity—the fact that the lender cannot gain when the borrower takes a loss. The concern for stability and balance are obviously also a part—and a very important part at that—of Western economic thought. But while Islamic analyses seem to have a static view of stability and balance, the non-Islamic (liberal and socialist) interest in growth and the business cycle make these analyses more dynamic.

The programme of the FIS begins by stating that "La politique économique du

FIS se fonde sur la recherche d'un équilibre entre le besoin de la consommation et les conditions de la production . . .".<sup>4</sup> The search for such a balance is obvious; what is interesting is that this objective is the opening point of the programme of this important Islamic movement.

Olivier Roy reports that, according to the "theory of the unitary economy" (the name is indicative) worked out by Abol Hassan Bani Sadr, the ideal of an Islamic society is to "produce according to its capacity and to consume according to virtue".<sup>5</sup> The practice of virtue would prevent the polarization of resources (hoarding) and would make them available for more harmonious distribution. In other words, savings and moderation are a premise for redistribution. Once again, what is worthy of note here is not the general macroeconomic relationship between savings and resources, but the fact that virtue is the mechanism ensuring equilibrium, a mechanism which necessarily acts through equity and stability. In fact, Roy observes that "Si chaque homme suivait individuellement le modèle éthique du Prophète, alors il n'y aurait nul besoin de légiférer de l'extérieur".

Stability also seems to be a fundamental objective of elaborations on Islamic banking (which many believe to be the "Pharisaic" side of Islamic economic thought). While pointing out the advantages of Islamic banking and financial activity in a general treatise on the subject, Prof. Siddiqi, one of the most well-known theoreticians, refers almost exclusively to stability.<sup>6</sup>

What implications would the realization of this economic vision have on the international relations of Islamic economies? If these economies were consistently managed according to the criterion of "virtue", all macroeconomic balances--from the national budget to the trade balance to the balance of payments--would draw even, in both the short and the medium term. In principle, these economies would probably not ask for loans from non-Islamic countries, which would demand interest. In fact, Iran did not take on any foreign debt throughout the entire Khomeini era, falling back on its own reserves. Also, Saudi Arabia's recent indebtedness (both internal and external) is one of the factors behind the growing Islamic opposition to the government in Riyadh.

Would these virtuous Islamic economies be virtuous with regard to international cooperation? Generally, the notion of virtuous participation in the international economy implies a contribution to growth as well as to stability. In addition, this contribution is usually dynamic in that it requires effecting policy changes suited to compensate the disequilibria that arise and re-allocating resources as required. A policy intended to ensure constant domestic macroeconomic equilibria is from an international point of view more of a political and moral nature than of an economic one. Virtuous international economic behaviour means agreeing to change policies and equilibria in such a way that the whole of the international economy is in equilibrium. For example, it could involve increasing taxes to finance internal investment needs rather than maintaining high interest rates to attract capital, so that the high interest rates do not have a negative effect at the international level. Therefore, not only does the virtuous nature of Islamic economies not favour internal accumulation, growth and technological innovation--that is, modernization--but it is probably also irrelevant for international cooperation.

The idea of basing an Islamic economy on the practice of virtue seems to lead to stagnation and isolation. Furthermore, it is hard to reconcile it with the desire for modernization that dominates the doctrine of some Islamists. In general, it brings out

the difficulty in trying to achieve modernization by taking the West as an opposite rather than a model; such a model is a historical fact that cannot merely be denied or wished away. Fortunately, the practice of virtue case is unlikely to occur in reality and has only been mentioned here for heuristic purposes. Nevertheless, an attempt to turn the hypothesis into reality could be made if a particularly radical Islamist regime were to come to power in a country with a low population/resources ratio and a loose social and cultural structure. In Iran, the radical Islamist regime proved unable to close the country into the "virtuous" bounds of a canonical Islamist economy because of the high population/resources ratio and the strong social and politico-cultural structuring of society. The advent of a radical Islamist regime in the Gulf Arab countries could perhaps have a different outcome.

*The primacy of politics* - In turning from speculation on projects to the study of concrete experiences, the case of Iran certainly stands out.

The Khomeini era was marked by a long struggle between conflicting class interests fought on the terrain of different economic--albeit always Islamic--ideologies: on the one hand, the old liberalism of Khomeini and the Council of Guardians of the Revolution; on the other, a series of interpretations based on Marxism and socialism expounded by the ayatollah Shariat Madari, Bani Sadr and other prelates. The main issues in this class struggle in Iran were agricultural reform, labour legislation and the nationalization of foreign trade. "These issues were not simply a manifestation of diverse interpretations of Shi'i teachings by the ruling ulama, nor did they entirely reflect contentions for political power. They were, rather, a manifestation of conflicts between objective class interests".<sup>7</sup>

Rafsanjani's rise to the presidency marked the victory of liberal-capitalist interests, especially those of the merchant class, which had already emerged towards the end of the Khomeini era. The country is now generally interested in broader integration into the Western and international economy, and has undertaken economic policies in line with this goal. Yet, its achievement is frustrated by the continued existence of the ambitions to promote political Islam that have always characterized the Iranian revolution. The primacy of politics in the case of Iran suggests that there is no direct relation between the principles underlying the economy and economic policies on the one hand, and integration into the Western and international economy on the other. This integration can easily be limited--if not annulled--by the political need to assert opposition to the West.

Such opposition need not be direct, as it was in Iran; it can also be expressed through other minor conflicts or indirect opposition. In the case of the Islamic republic of the Sudan, for example, the civil war with the blacks in the south has led the government in Khartoum to refuse on political grounds the international cooperation and integration that it practices economically.

The three-year salvation programme adopted in February 1992 by the Sudanese government in accordance with the International Monetary Fund (IMF) was presented as "a clear economic and social philosophy based upon the spiritual belief of the majority of the society: Islam".<sup>8</sup> In any case, it corresponds to the kind of structural readjustment generally encouraged by international and Western spheres. The programme has led to a drastic devaluation of the Sudanese currency, a radical reduction or the total abolition of consumer subsidies for oil and staples, less state intervention in the economy and sharp cuts in public spending.

Management of this difficult adjustment process and the international support that it requires have been put into question by the primacy of politics. The civil war is devouring the result of the economic restructuring. The commitments and alliances the country is forced to take up to sustain the civil war and to acquire weapons have created an extremely hostile environment both regionally and internationally. In mid-1993, the IMF threatened to withdraw its support for the country.

Therefore, in addition to the case in which application of an orthodox model of Islamist economy seems to lead to international isolation and marginalization, there is also the case in which an inclination towards international economic integration in an economy managed by Islamists is hindered or curbed by the overriding requirement of the political assertion of Islam.

*Late Third World nationalism* - Paraphrasing a well-known expression by Lenin, Islam seems in some ways to be the "supreme phase" of Third World nationalism: according to this view, Islam pursues the same objectives of political independence that Arab nationalism did (and failed to achieve), setting those objectives within a more complex and motivated framework of cultural opposition. Thus, Islamists can, with due concessions, be seen as the heirs to much of the political and cultural heritage of Third World nationalism, more specifically in this case, Arab nationalism.

A glance at the ISF's economic programme suggests that Algerian Islamists are good representatives of this category: economically, they plan to take up the banner of Algerian nationalist thought, in particular, the ideologies and objectives that inspired the ambitious planners of the era of Boumediène and then Industry Minister Abdessalam.

It is well known that before being driven underground, the FIS had, during the election campaign, harshly criticized the socialist planning of the Algerian nationalist regime, quite rightly emphasizing the colossal and sorrowful disaster to which it has led the country.<sup>9</sup> Like Khomeini, Abbassi Madani, the leader of FIS, is oriented towards the old liberalism that is a part of orthodox Islamic thought.<sup>10</sup> Yet the programme points and the phraseology used by the FIS are undisputably inspired by Algeria's former Third World nationalism: after underlining, as mentioned, that the Front's economic policy is aimed at striking a balance between consumer needs and production conditions, the FIS economic programme goes on to state that the search for that balance will, in any case, be subject to, among other things, the "impératif de l'indépendance économique", a magniloquent phrase reminiscent of that legacy.

More substantial references to it can be found in the part of the programme dedicated to industry. Clearly emerging from it is the economic thought of François Perroux and his followers which laid the basis for the Algerian economic planning experience. The following are excerpts:

... Cette orientation [the promotion of small and medium-sized industry] doit répondre en même temps aux besoins du pays sans dépendre des matières premières de l'étranger, synonyme de dépendance économique  
...

Encourager la diversification des structures et entreprises industrielles dans le but de réaliser l'autosuffisance grâce à une chaîne industrielle solidaire, harmonieuse, équilibrée et à haute productivité. En un mot, une industrie finement agencée capable de se passer de l'étranger . .

Tenir compte du fait que les richesses naturelles du pays exigent une industrie industrialisante . . .<sup>11</sup>

. . . l'audace douanière [union with other Maghreb countries] nous permettra d'échapper au diktat des pays riches . . .

Réexaminer la législation sur la propriété publique dans le sens d'une meilleure protection contre l'emprise étrangère . . .

The FIS industrial programme ends with a call for more involvement of the private sector. Nevertheless, it clearly assigns a central role to the state.

The FIS economic programme may have been superseded by events. But its spirit can still be detected in a document presented at a recent conference by one of the representatives abroad of the FIS. The document states that the FIS adheres to the principle of "economic prosperity through free enterprise dynamism in non-strategic sectors".<sup>12</sup>

If the orientation expressed in the FIS programme is to be believed, then the aim of the FIS--in spite of the declarations of principle by Madani--is to control essential economic mechanisms and to protect industry: a non-liberal programme that is similar to that of socialist and nationalist Algeria and would immediately place the country in contrast with the IMF and its Western partners.

It can be concluded that the Algerian Islamist movement now embodies the same contradictions that characterized Iran immediately after the Khomeini revolution: a liberal interpretation of the Islamist economy, in keeping with the interests of certain social classes; and a socialist, nationalist and Third World interpretation representing other interests. Algeria does not have a large merchant and landowner class like Iran. There is, however, a group made up of old FLN technocrats, a part of the military and new FIS technocrats that could emerge as an alliance to guide the country in the name of a blend of Islamism and Third World nationalism. This blend would not lead to an economic policy of international cooperation and integration.

*The "usus modernus" of the Islamic economy* - In the fifties, a movement originated first in Pakistan and later at the University of Jeddah in Saudi Arabia for elaboration of the Koran in economic terms. This was meant to shape institutions compatible with both Islamic norms and the requirements of modern economy and its complex social and international relations. As already mentioned, this elaboration focussed strongly on Islamic banking and led to the flourishing of Islamic credit institutions. Instead of receiving and paying interest, these banks share in the profits of the borrowers and turn them over to the depositors. But the subject of Islamic banking is vast: Islamic economists also deal with all problems that modern economic life and international integration pose for the economies of countries planning to implement an Islamic system, such as inflation and foreign debt.<sup>13</sup>

The French authors that have studied Islamic banking are skeptical. Roy is very critical and entitles the paragraph on Islamic banking, "La version conservatrice et technocratique de l'économie islamique". His main charge--which could well come from an Islamic extremist--is that it basically circumvents the real rules of Islam: "il s'agit ici d'une extension 'technocratique' du fondamentalisme traditionaliste, visant à permettre à un bon musulman de participer à une économie moderne".<sup>14</sup> He emphasizes the



shortcomings, the speculations and, above all, the bankruptcy of the Al-Rayan Islamic Investment House in Egypt,<sup>15</sup> although that event seems to be more emblematic of the convulsive conclusion of a given phase of the Egyptian economy than of a general trend. On the other hand, bankruptcy and speculative policies are certainly no rarity in Western history, although this has never cast doubt on the institution of banking.

In reality, this school of thought has made a significant contribution to international cooperation. Re-elaborating Islamic institutions in such a way as to allow good Muslims to participate in the modern economy is not only very useful, but also worthy of the highest esteem and the most careful attention. Equally important is the concrete intermediation carried out by such agencies as Dar al-Maal al-Islami (House of Islamic Funds), founded in Geneva in 1981 with the aim of giving Islamic investors in the Gulf and Saudi Arabia a chance to participate in transactions on international financial markets, or the Islamic Development Bank (founded in 1975) and other Islamic funds that finance development projects in Islamic countries on the basis of the religion's principles.<sup>16</sup>

In fact, the work of the economists of this school follows in the wake of a great Western tradition. It is analogous to that of the Glossators of ancient Roman law at the Italian universities during the Middle Ages which provided the legal basis for the great economic upswing that began in Europe in the thirteenth century, and legitimized the new political societies emerging at that time by ensuring their cultural continuity. A similar process took place--not without difficulty--in Germany at the end of the fifteenth century, allowing that country to go beyond local law and to integrate into the universal law of modern Europe derived from the Italian re-elaboration of ancient Roman law. At the time, German jurists spoke of *usus modernus Pandectarum*. The process that could lead to an *usus modernus* of the Islamic economy must be seen in the same light. And its importance should not be underestimated, as it could provide Islamic countries with an opportunity to hitch up with the global economy without betraying their cultural identity. The work of the "technocrats" of the Islamic universities of Islamabad and Jeddah and of the many Islamic banks scattered throughout the Arab world is no less important for international cooperation and the West than the work of the technocrats of the European Community in Brussels or the IMF in Washington.

#### Implications for the West

Summarizing, four cases of Islamic management of the economy have been identified, each with its own implications for the West:

- 1) strict application to the economy of Islamic principles--the practice of virtue--which would lead the countries in question to a situation of self-isolation and marginalization in economic relations with the West;
- 2) compatibility, in principle, with the economy of the West, but that compatibility cannot be translated into practical terms because of overriding political objectives--the primacy of politics;
- 3) economic antagonism and conflict springing from a mixture of late Third World nationalism and socialism;
- 4) cooperation qualified by the search for institutions and formulas aimed at preserving the significance and practice of the Islamic cultural identity in relations with the West.

It is obvious that while the fourth offers the West an opportunity for cooperation, the other three represent various degrees and situations of conflict, non-cooperation

or marginal cooperation. Such would be relations--especially from a multilateral point of view--with Islamic regimes that are in some way radical. Important bilateral relations could exist, but they would not change the nature of the overall situation.

What Western economic interests in Arab countries would be affected by these different cases?

The most important Western interest is still oil. Concern is not limited to the safety of supply, but includes the stability of supply and oil prices. To keep oil prices from fluctuating and being manipulated, the West would like the governments of Arab oil-exporting countries not to be tempted to use oil for political purposes: to assert nationalism or an Islamic identity, or to combat Northern imperialism. Practically, the West is keen on seeing a certain equilibrium in OPEC between the more cooperative countries--in particular, those of the GCC--and the others. Although there were numerous reasons for Western intervention against Iraq in 1990-91, the risk that an assertive and radical country like Iraq could gain control of a rather large part of Arab oil and change the balance of power within OPEC was certainly an important factor in the final decision to intervene. It should be emphasized, in any case, that the stability and independence of the GCC countries is important in ensuring the stability of oil supply and prices.

The statement sometimes heard that Western interests would not be particularly affected by the advent of radical, nationalist or Islamist regimes, as these regimes would still have to sell their oil, must be considered with caution. A radical regime is more easily tempted to set political considerations above the reality of oil transactions, especially if the country is not densely populated; and, by the same token, several radical regimes are more easily tempted to set up an alliance aimed at using oil for political purposes.

Another Western interest is in financial markets. Arab participation in these markets is important: any doubt cast upon this participation or any political conditioning of it would have a strong effect on the stability of the markets, which would certainly be reflected in foreign exchange markets. Our Arab partners would not even have to withdraw their money, all they would have to do is announce a change in their financial policy or merely let the public perceive that such a change is imminent. Equally deleterious, although less important effects would derive from a refusal to pay interest on foreign debt, especially if that refusal were linked to a more general change in financial policy. Here again, both of these concerns refer mainly to the GCC countries.

It must be pointed out that oil concerns bear more weight than financial ones. Financial markets could survive--and have in the past survived--crises that are even more serious than those which could be triggered by a change in the investment policy of Saudi Arabia or Kuwait. Fears for the loss of trade markets are even less important. Some markets, such as those of the GCC countries, are very dynamic, and there are countries, like Italy and Libya, that have significant bilateral trade relations with them, but on the whole, the percentage of Western trade accounted for by Arab countries is minimal.

Three general conclusions can be drawn from the foregoing. In situations of potential conflict between radical Islamist regimes and the West, political factors prevail over economic ones. The domestic and international relations of Islamic regimes are not autonomous, as the regimes are established and regulated so as to contribute to the achievement of political objectives. As seen, even when principles are

analogous and the respective Western and Islamic economies potentially compatible, economic relations--dominated as they are by political ends--are weak. Therefore, the rise of Islamic radicalism in the various forms considered here--as a government force taking decisions or as an opposition force conditioning them--is destined to lead to marginal, conflictual and unpredictable economic relations with the West.

On a strictly economic plane, this development will not necessarily be detrimental to the West. Only if it were to take place in the GCC countries and in particular in Saudi Arabia, would Western interests actually be touched; a rise to power of radical Islamists in these countries would be of considerable importance to Western countries.

Finally, development of a "technocratic" Islamic economy both in the Gulf and among important sectors of the Muslim Brotherhood in countries in which Islamists are on the opposition is an important area for cooperation and communication which the West should be interested in developing.

The statement was made at the beginning of this chapter that the West is less concerned about the economic implications of the rise of Islamism than the political and security implications. It can now be concluded that that is not due to an oversight; it is simply the result of the fact that Islamism is above all a political trend--and one which confronts the West with pressing political and cultural issues--and is much less concerned with economic questions. Since economic implications basically depend on political factors, it is only natural that these factors will form the center of debate. Nevertheless, Western economic interests concentrated in the Gulf countries are anything but negligible and deserve attention.

The conclusion deriving from the considerations made in this chapter is that the trend to try to reconcile the requirements of modern economy with the teachings of the Koran could provide an important opportunity not only to consolidate and strengthen economic cooperation, but also to contribute to the broader objective of finding forms of dialogue and coexistence between two of the most important cultures in the world.

## NOTES

1. Olivier Roy, *L'échec de l'Islam politique*, Editions du Seuil, Paris, 1993, chap. 8
2. On this point, see Jacques Berque, *Les Arabes d'hier à demain*, Editions du Seuil, Paris, 1960, chap. 3; on the fundamentals of Islamic economy, see Maxime Rodinson, *Islam et capitalisme*, Editions du Seuil, Paris, 1966.
3. An excellent general presentation is given in Rodney Wilson, "Islamic Banking and Finance", *The Middle East and North Africa 1992*, Europa Publications, 1991, pp. 180-1, with bibliography.
4. The economic programme of the FIS was published in *Algérie-Actualité*, 1264, 10 Janvier 1990; excerpts of it were published in M. Al-Ahnaf, B. Botiveau, F. Frégosi, *L'Algérie par ses islamistes*, Editions Khartala, Paris, 1991, pp. 162-6. The text referred to here is found at pp. 179-87.
5. *Op. cit.*, pp. 173-4.
6. Muhammad Nejatullah Siddiqi, "Il sistema bancario islamico: teoria e pratica", in *Institute of Southeast Asian Studies, Islam e finanza. Religione Musulmana e sistema bancario nel Sud-est asiatico*, Edizioni della Fondazione Giovanni Agnelli, Turin, 1991, pp. 41-47 (Italian translation of *Institute of Southeast Asian Studies, Islamic Banking in Southeast Asia*, Singapore, 1988).
7. See Mansoor Moaddel, "Class Struggle in Post-Revolutionary Iran", *International Journal of Middle East Studies*, 23, 1991, pp. 317-43. In my opinion, Dr. Moaddel's analysis is among the most penetrating and best informed today.
8. Printed in "Sudan: Reality overshadows rhetoric", *Middle East Economic Digest*, 13 November 1992, an unsigned article from Khartoum. The details of the Sudanese economic reform are contained in the 14 February 1992 issue of the same journal.
9. See M. Al-Ahnaf, B. Botiveau, F. Frégosi, *op. cit.*, p. 155-6.
10. See the considerations by Ahmed Rouadjia, "Doctrine et discours du Cheikh Abbassi", *Peuples méditerranéens*, 52-53, Juillet-Décembre 1990, pp. 167-80; pp. 177-9.
11. The expression "industrie industrialisante" is taken directly from the Algerian planning strategy; it alludes to the need to create industries, starting from a core and from the nascent oil industry, that in turn create industries as to "noircir"--as Perroux, obviously elaborating on Leontieff, put

it--the matrix of structural interdependence.

12. Anwar N. Haddam, *Political Islam in Algeria*, paper presented at the International Symposium on "EC-Arab World Relations: Political Dimension", organized by the BBC and the Royal Institute of International Affairs of London at Castelgandolfo (Rome), 18-20 June 1993 (mimeo).

13. The literature on this school of thought is abundant. See the excellent synthesis by Rodney Wilson, *op. cit.* and also Muhammad Nejatullah Siddiqi, *op. cit.*

14. *Op. cit.*, p. 178.

15. On Egyptian Islamic banks, see Jean-François Rycx, *Islam et dérégulation financière: banques et sociétés islamiques d'investissements: le cas égyptien*, CEDEJ, Cairo, 1987. Some interesting and objective considerations of Islamic banking from a political economy point of view can be found in Clement Henry Moore, "Islamic Banks and Competitive Politics in the Arab World and Turkey", *The Middle East Journal*, 44, 2, Spring 1990, pp. 234-55.

16. On Islamic development agencies, see Muhammad Salim Abdullah, "La politique de développement sous le signe de l'Islam", in H. Dobers et al (eds.), *Développement et solidarité. Responsabilité commune des Musulmans et des Chrétiens*, Institut für Internationale Solidarität, Konrad Adenauer Stiftung, Mainz, 1985, pp. 122-8.

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