

## **The Politics and Economics of Islam: What Businesses Need to Know**

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## Supplement

### A Comment About The Middle East

by Terence S. Ward

In thinking about the Muslim world, one must not be overly fixated on the case of Iran. Iranian politics are in flux and the eventual outcome cannot be foretold. The economy is practically bankrupt and not likely to attract Western business for some time.

However, virtually all multinationals have been engaged for decades in the Arabian Gulf economies of Saudi Arabia, Kuwait, Bahrain, Qatar and the United Arab Emirates. These countries are key players in the global economy.

The legal systems of these countries have evolved from Islamic roots, gradually incorporating laws that reflect the international business environment. All companies operating in these countries utilize lawyers with backgrounds in international law as well as Shariah law; frequently Lebanese, fluent in Arabic, French and English who are able to maneuver and advise within the legal systems of both the host country and the multinational's headquarters. It is simply a different legal system, with the applications differing from country to country. Needless to say, there are readily accessible legal experts that advise oil companies, consulting firms, financial institutions, and this expertise can be acquired for Qatari or Saudi business dealings just as easily as one would seek a similar advisor for the legal codes of Hungary, India, or China.

These countries are changing from Islamic to a more westernized business culture. They will never sever their ties with the West because they are integral players in the global economy. An entire generation from the Gulf has been educated in the West and returned with that influence, while keeping bank accounts and residences throughout the United States and Europe. No Mediterranean city has attracted their money since the flight from Beirut in 1975. Not Cairo, Istanbul, or even the new Beirut. After the Gulf War, the old rhetoric may have returned, but it is simply for public

consumption. Privately there are no illusions, there is no other choice. They are Islamic, some would say fundamentalist, when viewing their own society, but they are not militant. The oil pipeline of the West is their pipeline of revenue.

In short, there is a Muslim world beyond the countries that were once nominally western and, in the words of Zonis, have "gone Islamic" like Iran. It is important to remember that the corruption of the regime destroyed the Shah. While it is a glaring example of a revolution, the aftermath is unique to the Islamic world. Only the Shi'a religion has a network that could be manipulated to create a hierarchy, clergy and organization resembling the Vatican. Because the network stretched into every village, it was possible for this theocracy to assume control of the collapsing regime with their elected mullahs and then govern politically. It amounted to a putsch, eliminating the numerous opposition parties, and establishing control using the same secret security apparatus.

The Sunni do not suffer this threat. There is no titular head and no theocracy that can threaten en masse like the Sh'ite mullah clergy. The most senior religious leaders, the sheikhs, are often state appointed and tend to experience "coercion and influence" by those who govern. Those who speak out against corruption gain popular followings, but by no means would their message or personality go beyond their borders. There is no common Sunni Islamic leader or voice, that could ever resemble Khomeini, speaking for the Sunni community at large as a Pan-Islamic leader.

The Arab world suffers from a crisis of illegitimate leaders. In Arab countries governed by ex-generals, an upswelling of discontent against these autocratic regimes has emerged with Islamic overtones simply because in virtually every Arab country it remains the only viable voice of opposition (leftists for decades disappeared in prisons or unmarked graves). For years, it was safe to subtly criticize using Islamic references. Anwar Sadat actively encouraged the growth of the religious Ikhwan (The Brotherhood) on the campus of Cairo University. They, in turn, aggressively attacked their Marxist classmates. But, this strategy was a double-edged sword and it cost him his life. Today, leaders

combat well-founded accusations of corruption and decadence (un-Islamic behavior) in different ways.

Generals with a desire for legitimacy increasingly wrap the green Islamic flag around their regimes. Witness Sudan: Saudi aid first welcomed their conversion, followed by the more volatile Iranian aid, much to the dismay of the Saudis. In the Gulf, the rulers have always been wrapped completely in the Islamic flag to deflect any accusations of their notorious un-Islamic corruption. The Saudi King is now referred to as "the Keeper of the Two Holy Mosques." With Shariah law in place they maintain an active policy to promote its export and reward those countries like Pakistan that follow their example.

Each case is different. Algeria and Egypt suffer from returning veterans of the Afghani jihad that defeated the "godless" Soviet. Fueled by their victory, they are trained and armed. Every gun battle, assassination, or bomb rocks the regimes. The response by the military and security forces is typically heavy handed, shooting first and asking questions later, while ransacking entire neighborhoods searching for the culprits. Sympathy with the rebels grows every time the wrong family's door is kicked in. Their motives may be violent and brutal, but there is some truth and appeal to the millions of impoverished Cairenes and Algerians who see absolutely no hope for their future. Contrast that with the "Mercedes pashas" who drive by in lavish luxury, coupled with the latest coffee-shop gossip of the million dollar deals or the shopping exploits of government officials' wives in Paris and London.

In Turkey's recent elections, as already noted, the pro-Islamic "Refah (Welfare) Party" doubled their vote to 20% and have won the major cities of Istanbul and Ankara. A peculiar development since the ruling True Path Party DYP is led by a woman, Mrs. Çiller. In Turkey, like the Arab world, there is a natural constituency for Islamic parties: the thousands of peasants who pour into the large cities searching for better paying jobs and completely unprepared for the brave new world of urban hedonism, corruption and patronage. But they are not alone. There is another ominous development. The Islamic political message of cleaning up government is attracting

growing support from the disgruntled middle and lower classes. Refah and these other groups reflect both people who have lost faith in the system and those who find it difficult to change.

But it is also important to note that these Islamic parties, fueled by each country's economic despair, rarely discuss economic solutions, policies or philosophy. Instead, their agenda is political. The symbol of their movement is the all-important "veil." Often, there appears to be more focus on modest dress codes for women than on improving the ailing economy. However, this symbol is critical because it is a visible display of support (except in the regimes of Iran and Saudi Arabia where it is law), while those women left uncovered are the obvious opposition. Like the veil, the leaders justify themselves to their supporters by adopting other symbolic gestures. Western business practices are not abandoned, but reworked with Islamic names. For example, Islamic banks do not refer to interest payments, but charge service fees or commissions.

Another factor to keep in mind is that Refah and other Islamic parties in the Arab world are often led by highly educated men who see Islam as filling a void. Pan-Arabism was buried forever in the sands of Kuwait after the Gulf War. Ever since, there has been a deep sense of malaise in the region. The images of failure are scarred in people's minds: the bitter destruction of Lebanon, the helpless response to Israel's occupation of the West Bank, the vicious civil wars of Afghanistan, Somalia and Yemen, Saddam Hussein's bankrupted attempt to revive Nasser's call for unity, the continued suffering of the Iraqi people, the battle for Algeria, and most importantly, the horror of the televised holocaust daily from Bosnia which the West has allowed to continue; impotent and fearful in the face of crusading Serbs. It is understood that the "expendable" Bosnians are Muslims. "If only there was oil," is a frequent lament. It is important that the historic Crusader mentality not be given a chance to re-surface in this decade by the victims or the victors. The only victory for the region in over a decade was the jihad against the Soviets, the first Islamic victory against a major western power since the 16th century. But even that was a bittersweet victory; now more have died in the recent

factional fighting than in all the years of Soviet occupation. Kabul has been reduced to rubble.

With the end of superpower courtship and the collapse of oil revenues, the elites in the region have seen potential revenues and investments dry up. Egypt and Algeria are buckling under the strain of overpopulation, poor planning, unemployment and collapsing infrastructures, while the Gulf states are still digesting the billions lost in the Gulf War and introducing deficit spending. Outside the Gulf states, the region remains trapped in a cycle of poverty, searching for a way out. There is a bleak sense of the future. Islamic themes have come to represent that elusive glimmer of hope.

So, the region is still searching for an ideology and identity. For many, Islamic themes remain a cheaper and more accessible choice than the expensive and imported "Coca Cola Culture," offering Johnny Walker and American videos, Rothmans and Mercedes. But, remember, there is no consensus among Muslims on what political or economic dimension those themes will take. They will more than likely be shaped by the next colonel who assumes power, draped in the green flag, who seeks to introduce Shariah law to placate the public and garner support.

One optimistic case, however, lies in Jordan where King Hussein allowed free elections after the Gulf War and the Islamic party won 20% of the vote. By allowing them to present their platform in parliament, they alienated the westernized Jordanians and Palestinians with their absurd demands to segregate all education and enforce stiff dress codes among women. In the most recent election they actually lost ground and are now safely contained as another minority party in the body politic. Also note that King Hussein masterfully responded to the Gulf War by growing an Islamic beard during the crisis; that, of course, did not forebode any serious change in political orientation.