

Available online at www.jeeir.com

**Journal of
Emerging
Economies and
Islamic Research**

www.jeeir.com

The Economic Ideology of the Egyptian Muslim Brotherhood: The Changing Discourses and Practices

Evrım Görmüş¹

Istanbul Bilgi University, İnönü Cad. No:6 Kuştepe 34387 Şişli İstanbul

Abstract

This article aims to examine the transformation of the Muslim Brotherhood's (MB) economic ideology since Nasser's rule in Egypt. It argues that the MB's economic policies were shaped by the complex nature of state-society relations in the changing political context in Egypt. As an oppositional strategy in the bi-polar political system in Egypt, the MB deviated from its liberal stance dates back to 1970s, and adopted a highly critical position against the regime's market transformation policies by prioritizing welfare activities during the Mubarak era. The MB's constant inertia in fixing its ideological inconsistencies, which was in favor of a strong state intervention in the economy, and a limited state power in politics diminished its capacity to formulate an interpretation of Islam which could be compatible with the entrepreneurial spirit and market forces during the Mubarak era in Egypt.

Keywords: Islam; Muslim Brotherhood, economy, businessmen

1. Introduction

This article aims to examine the extent to which the Muslim Brotherhood (MB)'s constant inertia in fixing its ideological inconsistencies, which was in favor of a strong state intervention in the economy, and a limited state power in politics, seriously damaged its own capacity of producing a clear socio-economic project that would also disseminate a market friendly Islam during the Mubarak regime in Egypt. It argues that not only state repression, but also the MB's (tactical) reticence in clarifying its economic agenda had the effect of undermining its capacity to induce changes in its interpretation of Islam which could be compatible with the entrepreneurial spirit and market forces during the Mubarak era in Egypt. It is undeniable that the authoritarian environment severely limited the MB's freedom of action, and the MB and its businessmen suffered from cyclical state repression. However the exclusive focus on

¹ Evrim Görmüş. Tel. +90 212 311 5000
E-mail address: evrimgormus@yahoo.com

state polices as an independent variable to explain the MB's ideological stagnation ignores the complex nature of the relationship between the MB and state during the Mubarak era in Egypt.

The case study in this article is based on the field research undertaken in 2012-2013 in Cairo and Beni Suef where I conducted a total of 21 interviews with small businesses owners who were affiliated with the Muslim Brotherhood (MB) as well as the members of the recently launched MB's businessmen association, the Egyptian Business Development Association –EBDA.

The article is organized as follows: The first section studies the MB's economic vision under the Nasser and Sadat regimes. The second section analyzes the MB's political and economic responses to Mubarak's economic liberalization policies in order to understand the social components of the MB's constituencies and the marginalization of business interests in the MB's public agenda. This part focuses on how the MB's main political strategy, which was based on keeping its secure place in the bipolar political system through winning support of the losers of market transformation, became a freezing factor in the MB's economic ideology during the Mubarak rule. The third section discusses the post-revolutionary MB's economic program to account the sudden deviations in the MB's socio-economic vision after the 25th revolution in Egypt, and the fourth section is the conclusion.

2.The Economic ideology of the Muslim Brotherhood under the Nasser and Sadat regimes

The relationship between the Free Officers and the Muslim Brotherhood was positive in the early days of the revolution. The MB initially supported the 1952 revolution and it was allowed to continue its activities during the first two years of the Free Officers coup. However when Gamal Abdel Nasser gained control of the new regime in 1954, a period of tension in the relationship between the MB and the regime started. Nasser saw the movement as a strong political rival and banned the organization under the pretext that the MB had attempted to assassinate him.

In the period between 1954 and 1970, thousands of members of the MB were imprisoned and seven members received death sentences. All economic activities of the organization were halted as well. Many MB members fled to neighboring conservative states, particularly Saudi Arabia, the Gulf and Libya and engaged in various economic activities in their new countries. According to Ayubi (1991, 153), “while condemning Nasser's socialist policies as being atheist and ungodly, MB members received the protection of the rulers, and many of them managed to accumulate some respectable funds.” Therefore this diasporic movement resulted in capital accumulation for the MB, which provides a sharp contrast to capital accumulation of the Turkish Islamic groups who created capital inside the country “before benefiting from that coming from abroad and from Germany and other European countries through the creation of the biggest holding companies today in Turkey” (Tammam 2010, 63).

During the time of the Nasser's nationalization policies, a few Muslim entrepreneurs managed to survive in the country. Othman Ahmad Othman was one of the most important of these businessmen (Ayubi 1991,153). His company, the Arab Contractors, founded in 1940 was nationalized in the early 1960s, but it was the only one that continued to carry the name of its founder. In return, Othman supported Nasser's policies and played a major role in constructing the Aswan High Dam and surface-to-air missile bases in the 1968-1969 (Farag 1999). What makes Othman even more significant is that he also had sympathies with the MB which went back to the pre-revolutionary era. In his memoirs called *My Experience*, Othman admitted having had subsequent membership in the Brotherhood in the late 1970s. Othman provided financial protection for the members of the MB and hired many MB members to work on projects abroad, especially in Libya and Saudi Arabia during the Nasser regime.

The repression on the MB ended in Egypt when Anwar El-Sadat came to power. Sadat chose to accommodate Islam in his fight with the Nasserist coalition of the secular leftist forces. He announced Egypt as a state of "Science and Faith" and began calling himself as the "Believer President" (*al-Ra'is al-Mu'min*) following the victory over Israel in the 1979, under the banner of "God is Great" (*Allah-u Akbar*). Sadat also adopted a more liberal attitude toward Islamic groups, in particular the MB and Islamic university student organizations. He released the Brothers who had been imprisoned during Nasser's rule and called back the émigré members of the MB.

The MB supported Sadat's economic opening policies which were seen as a way of dismantling Nasser's legacy of the state domination of the economy and social affairs, and the Islamization of the economy. It is quite important to note that the MB's stance on economic liberalization was quite pragmatic in this era. The MB abandoned its early idea of Islamic socialism, and its members have embraced liberal economy in their own economic activities since the 1970s. The MB publications began arguing that "private ownership is one of the bases of Islam, because private ownership is the origin of the *zakat* (almsgiving), *kaffara* (expiation) and inheritance, and it is the ideal system of economic activity." The MB publications also insisted on downsizing the public sector which was associated with the Nasserist policies (Moneim and Wenner 1982, 351).

After having returned to the political scene during the Sadat era, many members of the MB took active part in the establishment of Islamic banks and Islamic investment companies through the capital they had accumulated in the Gulf countries when Nasser was in power in Egypt. The MB fully subscribed to Sadat's financial liberalization policies, and many members of the MB became beneficiaries of these policies. The MB members who were working in the Gulf and looking for safe opportunities to invest back home, deposited their savings with Islamic banks and investment companies. Also, many of the recently-released MB members who were unable to travel to the Gulf started working in the new Islamic financial sector during the Sadat regime. As a result, "the financialization of the economy and the turn away from industrial investment was thus seen to be legitimized by Islam in 1970s and 1980s" (Tugal 2012, 34-35).

By the end of the 1970s a new class of MB affiliated businessmen who had returned from the Gulf states emerged in real estate investment as well as the medical supply, school supply, automobile and food production sectors of the Egyptian economy. One of my interviewees who fled to Gulf after the persecution of the MB under Nasser stated that he established a plastics manufacturing firm with the money he earned in oil-rich Gulf countries in Egypt in the mid-1970s. According to him, Nasser's persecution of the MB had the "Frankenstein effect." During the Nasser rule, members of the MB accumulated wealth in neighboring countries and learnt important business skills. He also claimed that the MB returned to the political stage even more powerful once they started investing in welfare services in education, health and vocational training.² One of my other MB related interviewees who founded his company in 1980 asserted that the companies which were established by the members of the MB during the *infatih* period financed the MB's social/welfare services later. According to him, in the later period, the MB deliberately emphasized its economic activities in welfare services, and this created a large political power base for the MB at the grassroots level during the Mubarak era. When I asked about the reasons for this shift, he answered it was a strategic choice by the MB in order to achieve political success at the grass-roots level to challenge the regime.³

² Author's personal interview, in Cairo (November 27, 2012).

³ Author's personal interview Beni Suef (December 5, 2012).

The following section will assess how the MB's main opposition strategy was transformed into political success in the professional syndicates and parliamentary elections during the Mubarak era in Egypt. This task is necessary to analyze the MB's orientation to market reforms and the social components of political Islam in Egypt.

3.The Muslim Brotherhood as the main opposition group during Mubarak's structural adjustment program (SAP)

Following the 1981 assassination of Anwar Sadat, the former air force officer Husni Mubarak, gained political power in Egypt. After the failure of the piecemeal and partial *infatih* attempts, the Egyptian government undertook a comprehensive adjustment program led by the international financial institutions, the IMF and the World Bank (WB). In 1991 Egypt signed the Economic Reform and Structural Adjustment Program (ERSAP) to reduce the budget deficit, liberalize foreign exchange, and reduce tariffs and subsidies.

The state's retreat as the main provider of welfare services was not filled by the nascent private sector during market transformation in Egypt. The social contract created between Nasser and the middle classes officially ended with the shifting of public service expenses to the private sector under ERSAP's privatization program. The state cut spending on health and education. For example, the health care expenditures as a share of GDP fell from 1.9 per cent in 1981 to 0.6 per cent in 1995. According to Adly (2011, 301) government expenditure as a percentage of GDP declined constantly from an average of 36.8 per cent in the period 1990-95 to 26.6 per cent in 1995-2004. The overall result of this was a decrease in wages and an increase in unemployment for the middle and lower classes (Clark 2003, 47-48). Educated unemployment remained an especially challenging problem in Egypt. A 1991 estimate states that 78 per cent of unemployed Egyptians held at least an intermediate educational degree (Wickham 2002, 43).

As a result of the retreat of the state from its social and economic roles during the period of structural reforms, the MB focused on filling in the gaps and constituted its public discourse to challenge structural adjustment policies under the Mubarak regime in Egypt. For the MB, the shift to structural economic reforms featured two trends: MB economic activities filled up part of the gap left behind by the withdrawal of the state, making the transition to a market economy less painful for the public (Tammam 2010). At the same time, due to its ability to speak on behalf of the masses who were being impoverished during the process of structural reforms, the MB emerged as the most vocal critic of the regime's economic liberalization policies and strengthened its position as the main opposition group in the country. The deterioration of economic conditions, coupled with the state's decreasing role in providing social services, provided an important avenue for the MB to become a legitimate rival to the regime. Ironically, for the regime, the MB's social services were a palliative for the "otherwise potentially explosive socio-economic situation caused by the state's increasing difficulty in providing social services." The regime never allowed the MB to be legalized but clearly capitalized on its conservative social program (Pioppi 2004, 5).

The MB began to experience its first serious political success in the professional associations during the 1980s. Due to their role in mobilizing professional classes, professional associations have been significant in Egyptian political life since 1952. For this reason Nasser and Sadat kept the syndicates under tight control. However Mubarak loosened the state's control over the syndicates as part of his policies of limited political liberalization during the early years of his presidency. Professional associations and labor unions enjoyed a considerable level of autonomy in the period from 1982-1990 in Egypt. Mubarak wanted to employ these organizations to bolster his legal as well as his populist legitimacy (Al-Awadi 2004, 58).

The MB's policies were mainly focused on providing services and fighting against corruption, which proved to be very appealing for the members of the professional associations. The MB used the slogan of "Vote for the Cleansed Hands" in the Doctors' Syndicate council elections (Fahmy 1998, 561). Wearied by the corrupt practices of the regime during the market transformation, many members voted for the MB based on its call for a return to morality and accountability in Egyptian public life.

Toward the end of that process, the Mubarak government began to take notice and act as the MB increased its influence within the professional syndicates. In 1993, the government enacted the "Law to Guarantee Democracy in the Professional Syndicates." The new law mandated electoral thresholds in the syndicate elections (a minimum voter turnout of 50 per cent in the first round, and 33 per cent in the second round). It stated that when these electoral thresholds are not met, the government has the right to invalidate elections. By enacting this law, the regime obtained greater power to control the Islamists in the elections in the professional syndicates and to curtail the Brotherhood's growing influence in Egyptian public life (Kienle 1998, 228). According to Elmahdi (2005,73), the short lived political opening ended in the early 1990s with "the regime's shift to political de-liberalization as part of its clampdown on militant Islamists and in order to push forward its economic reforms without any political upheaval that such reforms might lead to."

Despite periods of de-liberalization, Mubarak continued holding multiparty parliamentary elections. Blaydes (2010,27) sees a connection between electoral competition and the regime's economic liberalization policies. She argues the diminished role of the Egyptian state in the economy has left the regime with fewer resources to buy the support, and elections have emerged as an important way to distribute resources in the face of the state's withdrawal during the process of economic liberalization. Although Mubarak allowed the opposition to enter the parliament, his regime did not permit the opposition enough seats to block legislation. Rather than democratic participation, Mubarak constantly repeated that achieving economic reform was the highest priority in Egypt.

The MB ran in the 1984 and 1987 parliamentary elections in alliance with other secular parties. In the 1984 elections, the MB formed an alliance with the *al-Wafd* Party and secured eight of *Wafd*'s 58 seats in the People's Assembly. In the 1987 elections, the MB formed another political alliance with the *al-Amal* (Labor Party) and *Hizb al-Ahrar* (Liberal Party), and gained 36 seats. The slogans "Islam is the solution" and "Give your vote to Allah, give it to the Muslim Brotherhood" were used to garner support for the MB in the 1987 elections (Wickham 2002, 92).

The success of the MB in syndicates and the multiparty elections in the 1980s caused the "regime to shift its method of maintaining political control from an unfair legal framework to one that increasingly depended on physical coercion, intimidation, and electoral fraud" (Moustafa 2007, 103). This change in the regime's attitude towards the MB was essentially related to the political changes that the MB experienced throughout the 1980s. By increasing its membership and shifting from the spiritual to the political, the MB began to pose a serious challenge to the regime during the time of socio-economic crisis (Zahid 2010,102-103).

Due to the increasing state repression, the MB— along with other parties (with the exception of *al-Tagammu* Party)— boycotted the 1990 elections. Four years later, the MB participated in the 1995 elections which continue to be remembered as the most corrupt elections under Mubarak's rule. Many incidents took place during the elections, including electoral fraud, ballot stuffing and use of force against opposition party members. As a result of the regime's illegal tactics, the MB was only able to get one representative out of 170 MB candidates in the 1995 elections. Before the 2000 elections, the Supreme

Constitutional Court required “full judicial supervision of elections for the first time in Egyptian history” (Moustafa 2007, 191). The opposition benefited from the judicial supervision over the polls. Running on the slogan “Islam is the Solution,” the MB won 17 and 88 seats in the 2000 and 2005 elections respectively, exceeding the total seats of all other opposition parties. (Stiltz 2010,79).

The MB created a strong political opposition in the People’s Assembly. According to Zahid (2010, 101) the MB deputies “were young, educated, professional, politically aware and responsive to the needs of the constituents they represented, through addressing broad issues such as the government’s policies on health and education.” The Brotherhood block maintained a critical position on the Mubarak government’s structural adjustment policies. They particularly were opposed to Egypt’s negotiations with the IMF which called for the withdrawal of the state from the economic and social spheres. In 2004, the MB deputies severely criticized the government’s privatization and trade liberalization policies by pointing out the negative consequences of these policies, including sharp price increases in basic goods, decreases in wages and salaries and rising unemployment. In the 2005–2010 parliament, the Brotherhood block opposed the Plan and Budget Committee’s proposal on the subsidies on exports and called for the reallocation of public funds to education and public health (Hamzawy and Brown 2010, 23).

Participating in the political elections and the MB’s presence in the National Assembly demonstrated the movement’s ability to serve its constituencies and increased its credibility. The MB established itself as the only credible opposition force in country with a strong social base and a mobilized membership. By the end of this process, the Egyptian political system had become bipolar. In this bipolar system, “there has been an uneasy, but mutually beneficial relationship between the regime and the MB in which the ruling party has maintained an on-and-off liberalization policy accompanied by phases of tolerance and repression towards the MB’s activities” (Antar 2006, 8).

As stated earlier, the political success of the MB was mainly based on the group’s activism in grassroots service provision organizations in the fields of health care, education and poverty alleviation (Hamzawy and Brown 2010). Investing in welfare services in order to create a large power base was the MB’s strategic approach holding onto a secure position in the bi-polar political system of Egypt. For this reason, the MB avoided undermining its credibility with either its religious followers or its political constituents. This contributed to the MB’s ideological stalemate on various issues –ideological opposition to market policies and the idea of limited state interference in the economy were among them. The MB articulated its public discourse according to its main constituencies who were not benefiting from market transformation. Even though some members of the MB (especially in the leadership cadre) had strong business interests during the process of economic liberalization, the MB leadership chose not to articulate these interests and maintained an ambiguous position regarding market policies in the group’s official electoral and party programs. As Beinin (2009, 41) argues keeping the contradiction between the populist discourse and the business interests unresolved helped to project Egyptian political Islam as a social movement opposed to neoliberal ideas.

The next section will assess how business interests were intentionally kept at a low profile within the MB as a result of MB’s strategy of unequivocal criticism of the market policies as a convenient way of opposing the regime and satisfying its support base during the Mubarak rule in Egypt.

4.The marginalization of business community in the Muslim Brotherhood under the Mubarak regime

Since its inception the MB's economic activities were strictly scrutinized and the MB lost most of its assets due to the regime's periodic clampdowns. The Mubarak regime's repression peaked in January 2007 when sixteen MB leaders were arrested and the financial assets of twenty-nine MB associated businessmen, including Deputy Supreme Guide Khayrat al-Shater were seized. The MB businessmen were accused of money laundering and membership in an illegal organization. Two prominent businessmen, Khayrat al-Shater and Hasan Malek were sentenced to seven years in prison by the military court. Seventy-two companies owned by the Brotherhood were shut down.

One of my interviewees, a member of the MB's businessmen association – EBDA, claimed that the real strength of business interests within the MB was almost impossible to parse because many businessmen chose to stay away from the MB during Mubarak's rule even though they supported the MB. According to him Mubarak froze more than \$2 billion in assets of businessmen who were suspected of supporting the MB. Therefore many businessmen concealed their ties with the Brotherhood out of fear.⁴ Some MB related businessmen that I interviewed also confirmed that they preferred not to reveal their affiliations with the MB due to the risks associated with being involved in politics during the Mubarak era.⁵ Gumuscu (2010) also makes a similar observation and argues that Islamic businessmen who wanted to be active in politics preferred to join the Wasat Party rather than the MB.

However it would be wrong to suggest that state repression was the *only* reason that business community failed to induce changes in the Islamic movement in Egypt. The MB deliberately chose not to draw attention to the existence of business groups in its own circle, and strongly impeded any alternative positions that could lead to changes in the Islamic groups' position relating to market reforms. One of my interviewees (with no affiliation with any Islamic groups), who has a ceramic factory and had close relations with the Ahmad Nazif government in 2004, said:

The MB could have organized themselves into a businessmen association during the Mubarak regime as well. Of course the regime would not have welcomed the bearded businessmen in business life. The regime didn't welcome them in professional associations either but they found the way of fighting this. They simply didn't want to reveal their market connections. Otherwise how they were able to nourish their market ideas and establish their businessmen association (EBDA) right after Mubarak left...⁶

An analysis of MB documents, namely the March 2004 Reform Initiative, the Electoral Program in 2005 and the draft party programs of 2007 demonstrate that the MB's economic agenda had been plagued by verbal ambiguities, eclecticism and internal contradictions. The MB basically built its economic program according to Islamic and Nasserist ideas such as prohibiting usury and promising housing for new graduates, job security and wage increases for professionals.

The MB's Reform Initiative declared by the General Guide Mahdi Akef in March 2004, was one of the first documents which the MB clarified its position on various political, socio-economic and legal issues. With regards to economy, the reform initiative stated that "we believe in an economic system that is derived from Islam prohibiting usury." It also advocated distributing wealth and income according to

⁴ Author's personal interview in Cairo (February 14, 2012).

⁵ Author's personal interviews in Cairo and Beni Suef (2012-2013). These businessmen are the members of the EBDA, the MB's business association which was formed in March 2012.

⁶ Author's persona interview in Beni Suef (November 29, 2012).

zakat (almsgiving) within an integral Islamic system.⁷ The MB Electoral Program in 2005 affirmed the group's opposition to economic liberalization policies. It said "the failed economic liberalization policies are responsible for that (severe economic divisions) because they did not take into consideration the poor, and basically cared only for the upper class, i.e., the businessmen and corrupt bureaucracy" (cited in Yildirim 2010, 242).

This critical tone on economic liberalization was also embodied in the first draft of a party platform the MB issued in 2007.⁸ This 180- page document gave a comprehensive framework for the MB's political views and positions on social and economic issues. It touched on many contentious issues such as women's and minority rights, the application of Sharia law and relations with Israel. The draft program sought the establishment of the Supreme Council of Clerics and excluded women and non-Muslims from serving as president of Egypt. It also called for a re-examination of the 1979 Israel-Egypt Peace Treaty. Not surprisingly, the draft created intense public criticism in Egypt and elsewhere and sharpened internal divisions between modernist and conservative camps within the MB.⁹

Overall, the draft party program revealed a number of controversies between the MB's vague ideological and religious slogans and specific policy prescriptions. In terms of the economy, the draft called for a strong interventionist state that would ease the effect of the economic liberalization for the MB's constituencies. In terms of free market policies, the draft party program said:

Economic activity should be based on the system of the Islamic market which is based on the mechanism called "cooperative competition" where economic freedom is restricted through control on production and prices.¹⁰

Adopted from third world development literature, the draft program opposed privatizing public sector companies and suggested increasing state investment in the service sectors of health and education, and also in national projects, such as nuclear, space and aviation (Said Aly 2007, 6). As Brown and Hamzawy note (2008,5):

By contrast the platform's provisions regarding political reform and democratic change focus on a more limited role for the state and a greater role for civil society and nongovernmental organizations. Calling for a state that systematically intervenes in social and economic spheres while at the same time advocating limiting its political role seems contradictory.

One of my interviewees from the Egyptian Junior Business Association (EJB) claimed that the MB engaged in doublespeak when it came to its economic agenda under the Mubarak regime. He argued as such:

Apparently, no one was brave enough to talk about the virtues of the free market publicly within the ranks of the MB when the Mubarak regime was in power. This would have just complicated

⁷ The Supreme Guide's Reform Initiative of 3 March 2004," Muslim Brotherhood website, <http://www.ikhwanonline.com/Article.asp?ID=5172&SectionID=0>.

⁸ The official platform was not released but a draft program was sent to fifty Egyptian intellectuals for review. The draft was first published in the Egyptian daily *Al Masry al Yawm* between 10-14 August, 2004. www.islamonline.net published another version of the draft on August 25, 2007. To see the full draft party program in Arabic <http://www.ikhwanonline.com/Data/2007/5/21/%D8%A7%D9%84%D8%A8%D8%B1%D9%86%D8%A7%D9%85%D8%AC%20%D8%A7%D9%84%D8%A7%D9%86%D8%AA%D8%AE%D8%A7%D8%A8%D9%8A%20%D9%84%D9%84%D8%B4%D9%88%D8%B1%D9%8A%202007.pdf>

⁹ To see the public debate on the Political Program http://www.memri.org/report/en/0/0/0/0/125/2632.htm#_edn1

¹⁰ 2007 Draft Party Program, Education, Development and Economic Policy, translation is mine.

their public image. Market policies were associated with the corruption of the regime on the minds of people who voted for the MB. Therefore the MB has made a strategic decision to keep its real economic vision in silence. Have you heard any words from the MB's multimillionaire tycoons, like Al-Shater or Malek about how they admired free market before the revolution? After the revolution, they all became a fan of neo-liberal market policies...¹¹

The MB maintained its contradictory position in its economic agenda during the Mubarak regime and avoided clarifying its internal contradictions about its call for greater state intervention in the economy and a limited state power in politics. As Hassan (2005, 29).argues the Brotherhood's economic vision encourages engagement in private initiatives while reserving the right of the government to intervene in all aspects of public life at the same time According to one of my other respondents from the Egyptian Junior Business Association (EJB), the MB formulated its economic program for short-term political goals and concealed its real economic position regarding market policies during the Mubarak regime. He continued as such:

As a result of this hypocrisy, the MB failed formulating (*sic*) any original socio-economic project. The MB only reacted to what the state or other groups did. Otherwise how can you explain that the MB, the so-called biggest opposition force in the county, played a zero-role in initiating the January 25th Revolution in 2011? Once the revolution succeeded, the MB stole the revolution. They have always been free riders ...¹²

5. The changing MB's economic discourse after the 25 January Revolution

The MB has remained at the forefront of Egyptian politics to shape Egypt's future after the revolutionary events in 2011. It was the most organized opposition group at the right place and moment. In the first parliamentary elections after Mubarak's expulsion, the MB's Freedom and Justice Party (FJP) received the majority of votes in three separate rounds of voting in late 2011 and early 2012. In the presidential elections in June 2012, the MB backed candidate, Mohammed Morsi, won and became the first democratically elected Islamist head of state in Egypt.

What is quite striking is that after its impressive electoral victory, the MB softened its critique on liberal economy. Rather than taking an interventionist approach to the economy, the Freedom and Justice Party's 2011 electoral program calls for reconsidering the economic role of the state, giving a greater role for the private sector (p.28).¹³ As Avi Asher (2012) rightly puts, the FJP's economic platform "praises the mechanisms of the free market and promises that the party will work for balanced, sustainable and comprehensive economic development. It is a program that any European conservative party could get behind." In this direction, the Morsi government accepted the outlook of the IMF which required further privatization and competition along with higher prices for consumer goods, new sales taxes and decreases in the number of state employees.

The economic policies proposed by the MB after the revolutions are quite congruent with the old socio-economic structure of the Mubarak regime. Even more ironic is that after the removal of Mubarak, Mubarak's economic policies were approved openly for the first time by the MB when Hasan Malek said to Reuters in November 2012:

¹¹ Author's personal interview in Cairo (June 1,2012).

¹² Author's personal interview in Cairo (April 12, 2013).

¹³ For the FJP's program: <http://www.scribd.com/ikhwansocialmedia/d/73955131-FJP-Program-En>

The economic policies in force during Hosni Mubarak's rule were on the right track, but were overshadowed by blatant corruption and a culture of favouritism. We can benefit from previous economic decisions. There have been correct ones in the past... Rachid Mohammed Rachid (Mubarak's minister of trade) understood very well how to attract foreign investment.

Hasan Malek was also tasked with establishing the MB's first business association; the Egyptian Business Development Association (EBDA) was in March 2012.¹⁴ Malek explains how the EBDA came into being in an interview in the following manner:

Truthfully, before I came out of prison and during the period that Gamal Mubarak was being prepared to inherit the presidency, I decided not to take part in any business or trade in Egypt. Personally, I would not be able to operate in this environment, in which Gamal would be taking over, especially since this was the third time that I was brought before the courts and put in prison. I wasn't prepared to put up with this again.

After the 25 January uprising, I got involved with civil society work, especially as it related to businessmen, because in the previous period they did not play an appropriate role in society. Business should benefit the widest possible base of society, and not just a small tier, as was the case under Mubarak. I plan to accomplish this through EBDA.¹⁵

EBDA (which means start in Arabic) states on its website that its mission is to "enable businessmen to contribute effectively in boosting the Egyptian economy by attracting and encouraging investment, human development and developmental solutions along with the participation in decision making and economic legislation."¹⁶ By adopting the slogan of "It is never too late to start," and putting a great emphasis on the SMEs, EBDA has launched one of its first projects to finance SMEs collaborating with the Social Fund for Development. According to Malek, "manufacturing, a trained labor force and enabling the private sector are the solution to the Egypt's economic slump."¹⁷

Although the main objective of EBDA was to facilitate the MB businessmen's economic activities, being a member of the MB was not a precondition to join the organization.¹⁸ According to Roll (2013) in founding EBDA, the Brotherhood leadership also sought the objective of expanding relations with the business elite. In this line, some businessmen who were considered having close relations with the Mubarak regime joined the EBDA. The most prominent names were the textile manufacturer Mohamed Farid Khamis (Oriental Weavers), the cable producer Ahmed el-Sewedy (El Sewedy Cables), and the banker Abdel Salam al-Anwar who was on the board of Gamal Mubarak's charity organization, the Future Generation Foundation.

EBDA signed a cooperation agreement with the Turkish Islamic business association MUSIAD (Independent Industrialists and Businessmen's Association).¹⁹ All my interviewees from EBDA confirmed that the MUSIAD acts as a role model for the EBDA because of MUSIAD's significant role in spreading wealth all over Turkey. One of my interviewees said that Mubarak's economic liberalization

¹⁴ EBDA has 15-member board of directors composed of prominent MB businessmen, including Safwan Thabet of Juhayna group; Mohamed Moamen of Mo'men Group; Osama Farid of the Project Engineering Company; and Abdel Rahman Seoudi of Seoudi Holding.

¹⁵ *Al Masry Al Youm*, 16 April 2012.

¹⁶ *Ahram Online*, 28 Feb 2012.

¹⁷ Marwa Awad, *Reuters*, 20 October 2011.

¹⁸ EBDA also had some Christian members.

¹⁹ *Al Masry Al Youm*, 26 March 2012.

policies were necessary to reform the Egyptian economy, but the fruits of these reforms were distributed only among his close circle because of his corrupt practices. EBDA, in his opinion, would be conducive to change these corrupt practices and to spread the benefits of business to all.²⁰

MUSIAD provided a platform to voice the concerns and demands of the SMEs in manufacturing industry in the central Anatolian provinces in Turkey. When provincial Islamic business groups began to prosper and integrate with the global economy, they became committed to a more liberal and moderate stance in order to forward their own business interests. This process overlapped with the marginalization of economically disadvantaged radical sections of political Islamic groups in the growing liberal tide within the Turkish Islamic movement at the end of 1990s.

However as opposed to the bottom-up approach of MUSIAD, EBDA came to existence through a top-down process in Egypt. It is not clear how EBDA would have been conducive to change in the Egyptian economy and to spreading the benefits of wealth to all in every part of Egypt if the MB had stayed in power. It was my observation that EBDA provided more rhetoric than substance. As Abul-Magd (2012) argues the MB businessmen lack any experience with manufacturing industry as their economic expertise is limited to retail business ventures and their economic capabilities are confined to managing big supermarkets and stores of imported luxury goods. She states “ Khairat al-Shater himself, deputy president of the Brotherhood –the supposed mastermind behind the so-called Renaissance Project – established nothing during Mursi’s first 100 days except for a new chain of supermarkets.”

Al-Shater’s business empire and his personal wealth also revived discussions regarding the economic policies of the MB after the Mubarak regime. Al-Shater’s public endorsement of free markets, deregulation and other policies geared toward attracting foreign direct investment also contributed to these discussions (Hickel 2012). In one of his interviews, Al-Shater supported the pillars of neoliberal economics as follows:

It’s very important within the current gap we are facing now, to depend on local, Arab and foreign investments in development program. Some people with ideological agendas might ask, “Engineer Khairat supports privatization and private sector?” I say there is no other choice for Egyptians except to focus on financing a great deal of development projects outside of the state budgets.²¹

During the one-year of MB rule, Egypt faced alarming economic problems and increasing social unrest. According to the Egyptian Center for Economic and Social Right, there were over 3,400 protests over economic and social issues which is nearly five times greater than the number of protests in any year of the 2000s (Beinin 2013). Given the mutually contradictory economic and political orientations of the MB, the Morsi government had a serious economic challenge. Even though the 25th January Revolution shifted the MB discourse which openly favors further neoliberal economic reforms, the effects of this process continues to create challenges for merging neo-liberalism with Islam in post-revolutionary Egypt.

A businessman (no affiliation with any Islamic parties) whom I interviewed in Cairo right after Mohammed Morsi’s victory in presidential elections in June 2012 said the more the MB expanded the scope of its neoliberal orientation laid out by Mubarak, the less it will be able maintain its traditional

²⁰ Author’s personal interview in Cairo (June 29,2012).

²¹ Omnia Al Desoukie, *Special to Daily News Egypt* ,April 12, 2012.

discourse; the discourse which first appealed to the poor and working class. Therefore according to him, a greater discontent within the MB's base of support would be inevitable after its engagement in political and economic life.²² Ibrahim Saif (2012) also makes a similar argument. He argues as follows:

Proposals for streamlining public outlays do not take into consideration the potential loss of jobs and downsizing of certain public institutions. The public sector's share of the workforce in Egypt is one of the highest in the world; restructuring it while the economy is fragile would be an exceedingly delicate affair, both politically and socially. Similarly, these types of policies will most likely harm professionals and middle- and low-income earners, the Brotherhood's traditional bases of support.

The Morsi government also failed to achieve adequate support from non-Islamic established business elite. Members of the business elite played a significant role in the culmination of the opposition campaign for Morsi's resignation. Especially, the media and pharmaceuticals tycoon al-Sayyid al-Badawi and the Coptic businessman Naguib Sawiris became quite influential in opposition to the MB by funding the anti-MB parties/movements as well as the mass media.²³ Certain major companies even refused to invest in Egypt, and announced their intention to leave.²⁴ One of my interviewees from the Egyptian Businessmen Association vocalized the business elite's opposition to the Brotherhood in the following way:

I have been rejecting to join Morsi's foreign trips. There is no way for me to be part of the Morsi's business delegation. Morsi, and the MB do not represent Egypt. They don't know anything about how to rule a country. I cannot lie by saying "come and invest in Egypt."²⁵

6. Conclusion

Islamist President Mohammed Morsi, in office only a year as the first democratically elected leader of Egypt, was ousted from power by the military in July 2013, and the Egyptian court banned the Muslim Brotherhood and ordered its assets to be seized.²⁶ The recent developments of the post-revolutionary Egypt demonstrate that even though the revolutionary uprisings of 2011 brought sudden changes to the dynamics between state and political Islam, those changes were not profound ones.

Gripped by difficulties arising from economic problems and increasing social unrest, the MB found it difficult to steer its base in neoliberal direction in Egypt. While comparing the Turkish and Egyptian religious movements' responses to neoliberalization in the last decades, Tugal (2012, 23) argues "making Islam compatible with neoliberalism would be more difficult in a country with a fragmented religious field, such as Egypt." Following the January Revolution the fragmentation of the religious public sphere drastically increased in Egypt. Due to increasing fragmentation of the religious public sphere, the spectrum of political Islam in Egypt is no longer limited to the MB and parties that derived from it

²² Author's personal interview in Cairo (June 28, 2012).

²³ Sawiris is the owner of the daily *al-Masry al-Youm* and ONTV, and al-Amin is the owner of the Capital Broadcasting Center (CBC), *al-Nahar* and the daily newspaper *al-Watan*.

²⁴ Egypt's biggest construction company, Sawiris's Orascom Construction Industries was the prominent example. For more information see, <http://www.egyptindependent.com/news/sawiris-oci-looks-move-outside-egypt-and-its-stocks-may-follow>.

²⁵ Author's personal interview in Cairo (April 2013).

²⁶ <https://www.middleeastmonitor.com/news/africa/8982-egypt-freezes-assets-of-93-large-companies-owned-by-muslim-brotherhood-affiliates>

(Brown 2011, 2). Different Islamic groups, such as the Salafis, the jihadists (Jamaa Islamic and Egyptian Islamic Jihad) and Sufis formed their own political parties in an attempt to shape Egypt's future and they all have divergent views on economic issues. Ultraconservative Salafi parties –Nur, Asala and Building and Development – in a coalition called Islamist Alliance obtained 25 per cent of the vote and secured 33 seats in the parliamentary elections in November 2011-January 2012, and constituted themselves as a strong Islamic political actor in the post-revolutionary Egypt. Salafi involvement in Egyptian politics since the January Revolution excused some Brotherhood members to adopt a socially and economically conservative agenda in order not to lose its votes to the Salafi parties during the short period of the MB's rule. The July 2013 coup has further contributed to the schism within Islamic field in Egypt. The Salafi Al-Nour Party and the sheikh of Al-Azhar supported the military intervention against the Morsi government. Thus, further inquiry requires additional research on such fragmentation and the dynamics of interest formation in the Egyptian Islamic field in the aftermath of Morsi's ouster.

The recent developments in Egypt provide us some hints regarding the new conceptual and empirical challenges facing the study of political Islam and the state relations. Overall, this article shows that Egypt's experiences with respect to state-Islamic movement interaction contribute to the broader discussions on the importance of interest formation within the Islamic constituency. Analyzing the conditions under which economic interests of Islamic business groups could create an impetus for a more competitive political system in Islamic circles provides important insights into our understanding of the transformation of the state's engagement with political Islamic groups in the Middle East and North Africa.

References

- Abul-Magd, Z. (2012). The brotherhoods's businessmen.*Al-Masry Al-Youm*, 13 March.
- Abul-Magd, Z.(2012). Mursi and his brothers: Sleeping in Nasser's bed. *Egypt Independent*, 1 October.
- Adly, A. (2011). When cheap is costly: Rent decline, regime survival and state reform in Mubarak's Egypt (1990–2009). *Middle Eastern Studies*, 47,2, 295-313
- Al-Awadi, H. (2004). *In pursuit of legitimacy: The Muslim Brothers and Mubarak*. 1982-2000, Tauris Academic Studies.
- Antar, N. (2006). The Muslim Brotherhood's success in the legislative elections in Egypt 2005: Reasons and implications. *EuroMesco Paper*, 51, October.
- Asher, A. (2012). The GOP brotherhood of Egypt. *Salon*, January 25.
- Ayubi, Nazih N. (1991). *Political Islam: Religion and politics in the Arab world*. London ; New York : Routledge.
- Beinin, J. (.2013). Workers, trade unions and Egypt's political future. *Middle East Research and Information Project*, 269, Winter.

Blaydes, L. (2011). *Elections and distributive politics in Mubarak's Egypt*. New York: Cambridge University Press.

Brown, N. J. and Amr H. (2010). *Between religion and politics*. Washington: Carnegie Endowment for International Peace.

Brown, N. J. and Amr H. (2008). The draft party platform of the Egyptian Muslim Brotherhood: Foray into political integration or retreat from old positions? Carnegie Endowment for International Peace.

Clark, J. (2004). *Islam, charity and activism: Middle-class networks and social welfare in Egypt, Jordan and Yemen*. Indiana: Indiana University Press.

El-Mahdi, R. (2005). Social democratization or political manipulation?: Social funds in Egypt and Bolivia. Unpublished PhD Dissertation, McGill University.

Farag, F. (1999). Construction king ,Othman Ahmed Othman 1917-1999. *Al-Ahram Weekly*, 428, 6-12 May.

Fahmy, N. S. (1998). The performance of the Muslim Brotherhood in the Egyptian syndicates: An alternative formula for reform? *The Middle East Journal*, 52.4, 551-562.

Hassan, M. (2005). Outlawed and outspoken: The Muslim Brotherhood in pursuit of legal existence and intellectual development in Egypt. Unpublished PhD Dissertation, UC Berkley.

Hickel, J. (2012). Neoliberal Egypt: The hijacked revolution. *Aljazeera*, 29 March.

Kienle, E. (1998). More than a response to Islamism: The political deliberalization of Egypt in the 1990s. *Middle East Journal*, 52.2, 219-235.

Moustafa, T. (2007). *The struggle for constitutional power: Law, politics, and economic development in Egypt*. New York, NY: Cambridge University Press.

Pioppi, D. (2004). From religious charity to the welfare state and back. The case of Islamic endowments (waqfs) revival in Egypt. *EUI Working Paper RSCAS*, 34.

Said, A.M and Manfred W. (1982). Modern Islamic reform movements: The Muslim Brotherhood in contemporary Egypt. *The Middle East Journal*, 36.3, 336-361.

Said, A.M. (2007). Understanding Muslim Brotherhood in Egypt. *Middle East Brief*, Boston.

Saif, I. (2012). The economic agenda of the Islamist parties.

<http://carnegieendowment.org/2012/05/29/economic-agenda-of-islamist-parties/b0fo>

Stilt, K. (2010). Islam Is the solution": Constitutional visions of the Egyptian Muslim Brotherhood. *Texas International Law Journal*, 46, 1, 73.

Tammam, H. (2010). The Islamic movement and state jurisprudence differences between the Muslim Brotherhood and the ruling Turkish Justice and Development Party. *Arab Review of Middle East Affairs*, 7.

Tammam, H. (2009). Business Interests. *Al-Ahram Weekly Online*, 95, 23-29 July.

Tuğal, C. (2012). Fight or acquiesce? Religion and political process in Turkey's and Egypt's neoliberalizations. *Development and Change*, 43,1, 23-51.

Wickham, C. (2002). *Mobilizing Islam: Religion, activism and political change in Egypt*. New York: Colombia University Press.

Yildirim, A. (2010). Muslim democratic parties: Economic liberalization and Islamist moderation in the Middle East. Columbus, Ohio: Ohio State University.

Zahid, M. (2010). The Muslim Brotherhood and Egypt's succession crisis: The politics of liberalization and reform in the Middle East. London: Tauris Academic Studies.