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**Economic Liberalization, Devout Bourgeoisie,
and Change in Political Islam:
Comparing Turkey and Egypt**

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EUROPEAN UNIVERSITY INSTITUTE, FLORENCE
ROBERT SCHUMAN CENTRE FOR ADVANCED STUDIES
MEDITERRANEAN PROGRAMME

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Abstract

This paper compares impact of economic liberalization on political Islamic movements in Turkey and Egypt. This comparison focuses on the economic and cultural effects of integration with the international markets on the constituencies of political Islam, and how exactly these constituencies realign their political preferences as a result of this process. I argue that the divergence in the implementation of economic liberalization programs in Turkey and Egypt produce different results as to the economic and political orientation of the political Islamic constituencies in these countries. Implementation of a comprehensive economic liberalization program in Turkey facilitates the emergence of a devout bourgeoisie that is well-integrated with the international markets, whereas a more controlled and restricted liberalization program in Egypt limits the level of integration of political Islamic constituencies with international markets preventing the emergence of a devout bourgeoisie. Expansion of the devout bourgeoisie in Turkey in return generates a significant tide within the political Islamic movement towards democracy and liberalism resulting in the establishment of the Justice and Development Party. While in Egypt absence of such a forceful social change contributes to sustained hesitant and divided approach towards liberalism and democracy within mainstream political Islam. The paper primarily focuses on the experiences of the Justice and Development Party in Turkey and the Muslim Brotherhood in Egypt.

Keywords

economic liberalization, political Islam, devout bourgeoisie, Islamic consumerism

Introduction*

Globalization entails a substantial increase in the volume and variety of cross-border transactions in goods and services and of international capital flows through rapid diffusion of technology.¹ Although technology makes globalization feasible, only liberalization makes it happen.² The course that the states forego economic liberalization therefore ultimately becomes important for the impact of globalization on different social groups. Because, as Rodrik argues, national economies retain a considerable degree of isolation from each other, and national policymakers enjoy more autonomy than is assumed by most recent writings on the erosion of national sovereignty,³ different states follow different routes to economic liberalism and the choices they make ultimately affect which groups enjoy the benefits of globalization in the form of economic growth and experience socio-cultural changes as a result.

This paper compares impact of economic liberalization on political Islamic movements in Turkey and Egypt. This comparison focuses on the economic and cultural effects of integration with the international markets on the constituencies of political Islam, and how exactly these constituencies realign their political preferences as a result of this process. The divergence in the implementation of economic liberalization programs in Turkey and Egypt produce different results as to the economic and political orientation of the political Islamic constituencies in these countries. Implementation of a comprehensive economic liberalization program in Turkey facilitates the emergence of a strong devout bourgeoisie that is well-integrated with the international markets, whereas a more controlled and restricted liberalization program in Egypt limits the level of integration of political Islamic constituencies with international markets, hence curtailing the emergence of a devout bourgeoisie. Expansion of the devout bourgeoisie in Turkey in return generates a significant tide within the political Islamic movement towards democracy and liberalism resulting in the establishment of the Justice and Development Party in 2001. While in Egypt absence of such a forceful social change contributes to sustained hesitant and divided approach towards liberalism and democracy within mainstream political Islam.

Globalization provides devout Muslims with opportunities of economic growth while it simultaneously offers ways of consuming newly acquired wealth in both countries, although to a limited extent in Egypt. As consumer culture infiltrates the hearts and minds of devout Muslims it generates tensions within their conscience, which has been preached thrift and frugality for so long. To overcome this tension devout upper classes refine their conception of wealth and consumption and justify new consumerism through elaborate re-interpretation of needs. The insistence to preserve piety and to combine it with this new consumerism leads to the commodification of religious practices in global markets, as it has been in the case of hijab (veil). Globalization, in short, triggers a process of rearticulation and reformulation of Muslim identities particularly among upper classes which as a result turn into devout bourgeoisie. This new type of bourgeoisie pronounces its differences from both lower-class devout Muslims through its bourgeois consumerism and secular bourgeoisie through its piety and sustained religious beliefs and practices.

* A previous version of this paper was presented in Workshop 10 'Globalization, Secularization and Religion - A Changing Terrain?' at the Ninth Mediterranean Research Meeting, Florence & Montecatini Terme, 12-15 March 2008, organised by the Mediterranean Programme of the Robert Schuman Centre for Advanced Studies at the European University Institute.

1 IMF defines globalization as such. Quoted in Martin Wolf, "Why this hatred of the market?", *Financial Times*, May 1997.

2 Martin Wolf, "Why this hatred of the market?", *Financial Times*, May 1997.

3 Dani Rodrik, "Sense and Non-sense in the Globalization Debate" in Frieden and Lake eds. *International Political Economy*, Bedford and St. Martin's, 2000. p.463

While embourgeoisment of devout classes occur in both Turkey and Egypt this process is more forceful in the Turkish case. Accruing substantial benefits from export-oriented liberalization program, small merchants and producers in Anatolia have experienced a transformation in three dimensions. First of all, conservative small businessmen, as they integrate with the global markets, experienced a substantial increase in their production and markets, which generated substantial accumulation of wealth and capital. Secondly, these entrepreneurs rather than following an ascetic life—which would require accumulation of capital and wealth for the sake of accumulation— internalized a new consumer culture that is quite distinct from their pre-liberalization patterns of consumption. Finally, despite the fact that this new consumerism conforms to the patterns of cultural globalization and secular bourgeois lifestyle, these entrepreneurs do not let go of their Islamic values and principles⁴, instead they seek a synthesis between their faith, business activities, and lifestyles. The concept of devout bourgeoisie captures all three dimensions of change and communicates the fact that this new class is bourgeois in the classical Marxian sense—they own the means of production—but they are not conservative small capitalists following ascetism; rather they are bourgeois in their tastes and consumption patterns. Finally, in contrary to what modernization theory would foresee, members of the new bourgeoisie remain devout, and they skillfully immerse their Islamic sentiments and practices into their new bourgeois lifestyle. The end product of embourgeoisment is a new Muslim capitalist identity that is defined and rearticulated through relations of production and consumption.

Economic and cultural transformation that the devout bourgeoisie experiences triggers a political transformation as well which entails rearticulation of political preferences in conformity with new interests. In both Turkey and Egypt, the devout bourgeoisie because they now have more to lose in an open confrontation with the state in an imperfectly democratic environment, avoids Islamist movements and opts for moderate centrist political parties while they make sure they are secure from state's potential for arbitrary rule. This demand for increased immunity to political costs turns into demands for economic liberalism and democracy in Turkey where the devout bourgeoisie has grown without direct support from the state and thus is not dependent on it for accumulation of sustained profits. The fact that they owe their success to liberal markets render them advocates of economic liberalism and democracy, which would deliver peaceful relations with the state as well as limits on state power through institutions and opportunities of participation in decision-making. In turn, emergence of a Turkish devout bourgeoisie with vested interests in liberal economy and democracy strengthens the moderate forces within political Islamic movements at the expense of hard-liners. On the other hand, Egyptian big devout bourgeoisie remains heavily dependent on the state for the continuing flow of profits, and thus in close connection with the ruling party and preserving a considerable distance with the political Islamic movements, while relatively independent smaller scale devout bourgeoisie either support Muslim democrats or moderates in the Muslim Brotherhood. This divided nature of the devout bourgeoisie in the political arena further contributes to the marginalization of the Muslim democrats and hesitancy of the MB towards democracy and pluralism.

The rest of the paper is organized in two sections. In the first part, the paper discusses the details and consequences of the Turkish economic liberalization with a particular emphasis on the changes that liberalization effects in the emerging devout bourgeoisie and resultant shifts in their political preferences. In the second part, the paper analyzes the incomprehensive economic liberalization in Egypt which strengthens mostly big business while denying opportunities of growth to small businesses. As a result of this deliberate policy devout bourgeoisie emerge weak and divided along big and small businesses and without significant role in determining the course of political Islam.

4 For instance, they prefer working with banks that do not work on the basis of interest, for interest is forbidden in Islam.

Turkish Economic Liberalization and Emergence of Devout Bourgeoisie

Like many developing countries Turkey followed an import-substitution economic program in 1960s and 1970s. Aimed to catch up with the developed countries this strategy required the domestic production of the goods that are imported mostly from more developed economies. Turkey has substantially benefited from this strategy as its economy grew by 3 percent on average per annum between 1960 and 1973. However, when the oil shock hit in 1973 Turkish economic growth slowed down. These external shocks combined with internal inability to adjust such shocks⁵ spiraled into a current account imbalance and debt crisis in late 1970s. After several failed attempts to address the problem, the government decided to implement a comprehensive liberalization package in January 1980. Turkish political scene has seen significant changes afterwards⁶ yet the commitment to liberal economy remained.

Turkish economic reform in 1980s had three main aspects: 1) macro-economic stabilization, 2) outward orientation through exports promotion, and 3) trade liberalization through eradication of imports restriction. One significant component of stabilization was deregulation of key relative prices such as the real exchange rate and real wages. The Turkish Lira devalued by 100 percent between 1980 and 1988 while real wages decreased by half between 1977 and 1985. The government also made changes to the interest rates and increased it to a level above the inflation rate. To cut the budget deficit the government rationalized the state-owned economic enterprises and deregulated the prices of goods produced by the public sector. These attempts to achieve macro-economic stability bore its fruits quickly. The inflation declined to 25 percent by 1983 (yet to increase again in late 1980s) and budget deficit was significantly curtailed to 6 percent of GNP in 1982 from 10 percent in 1980.

As part of the broader liberalization program the government has taken steps to liberalize the imports regime. Starting in 1980 the government gradually eliminated quotas and decreased tariffs on imported goods. In 1984 wide-scale import liberalization was implemented when all imports were classified as prohibited, subject to permission, or liberalized. Imports, which could not be imported under any condition such as arms and ammunitions, were under the prohibited list, while imports that required official permission were in the second list and all other commodities were free to import. In the 1980s the government continued charging tariffs on imports, and tariff rates varied according to the country of origin.⁷

Besides achieving macro-economic stability and trade liberalization the government has also aimed export-oriented private sector expansion in manufacturing. Thus, it has redirected public investment from manufacturing to infrastructure in order not to crowd out the private sector in manufacturing and to facilitate private investment through better infrastructure. The government has taken steps to shift from imports substitution to export oriented growth in the private sector. A maxi-devaluation in January 1980 is followed by mini-devaluations through May 1981 and finally the exchange rate was adjusted daily afterwards. Tax rebates, credit subsidies, and duty-free imports for the production of exportables accompanied consistent devaluation of the currency in the export-drive.⁸ Finally, the incomes policy succeeded in decreasing real wages 1.6 percent annually during 1980-1988⁹ and thus

5 Dani Rodrik, *Making Openness Work*, Washington D.C.; Johns Hopkins University Press, 1999. pp. 75, 80.

6 Nine months after the announcement of the economic liberalization package the military took over in September 1980. The National Security Committee oversaw the provisional government which stayed in power until 1983. In these three years, the Committee outlawed all the political parties and banned their leaders, and wrote a new constitution.

7 Subidey Togan, *Foreign Trade Regime and Trade Liberalization in Turkey in the 1980s*, Brookfield; Ashgate, 1994. p. 24.

8 Merih Celasun and Dani Rodrik, "Debt, Adjustment, and Growth: Turkey" in ed. J. D. Sachs and S.M. Collins, *Developing Country Debt and Economic Performance, Country Studies: Turkey*, Chicago : University of Chicago Press, 1989. p. 668.

9 Mehmet Odekon, "Turkish Liberalization: From the Perspectives of Manufacturing Firms" in *Economics and Politics of Turkish Liberalization*, ed. T.F. Nas and M Odekon, Bethlehem : Lehigh University Press ; London ; Toronto : Associated University Presses, 1992. p. 159.

decreased the labor costs further promoting exports. These policies bore their fruits when total value of exports reached \$8 billion by 1985 and \$13 billion 1990 from mere \$2.3 billion in 1979.¹⁰ Besides a quantitative change there also occurred a qualitative change when the share of the manufactured goods in total exports increased from 35 percent in 1980 to 75 percent in 1985 and 78 percent in 1991. Simultaneously exports market diversified as Turkish exports increasingly penetrated the Middle Eastern markets alongside the traditional markets in Europe.¹¹ Exchange rate policy encouraged exports in all sectors, while credits and tax rebates were mostly directed towards manufacturing and particularly to non-traditional exports of iron and steel, chemicals, and plastic industries.

The small and medium enterprises (SMEs), which had produced for the domestic market during import-substitution, faced severe competition when imports started flowing in by mid-1980s. SMEs that could not compete with imports were forced to redirect their practices or improve the quality of their production. At this critical juncture the traditional SMEs of Anatolia gradually got integrated into the international market in the early 1990s as economic globalization and intensified global competition led to the emergence of new centers of production with low labor costs in the developing world. Particularly, buyer-driven commodity chains, as defined by Gereffi, emerged in the production of labor-intensive consumer goods such as garments, footwear, toys, housewares, consumer electronics, and furniture.¹² In these production systems the factories located in developing countries produce finished goods for the retailers based in the developed world. Buyer-driven commodity chains are labor intensive at the manufacturing stage, and they require low-labor costs and flexible production systems which could innovate and adapt to changing circumstances.¹³ This post-fordist production system at global level particularly worked in favor of small-scale manufacturers who had flexible and labor-intensive production systems that could easily integrate with global chains of production through subcontracting. Thanks to integration with the international markets and global production systems, the benefits of liberalization trickled down to the provinces of Anatolia in the 1990s at the hands of ambitious entrepreneurs who wanted to reap the benefits of free trade.

The developments in the global economic system and domestic policies oriented towards economic liberalization have provided small and medium enterprises in Anatolia with opportunities of growth. However, there is a third factor that operates at the societal level that has complemented the developments at the international and state-levels to turn potential of growth into reality for provincial entrepreneurs. This social actor is the Association of Independent Industrialists and Businessmen (MUSIAD)¹⁴. MUSIAD was established in 1990 by a group of young businessmen to represent small and medium entrepreneurs with Islamic values who could not join TUSIAD (Association of Turkish Industrialists and Businessmen), which accepted only the largest companies as members. As opposed to Istanbul-based, upscale TUSIAD, MUSIAD quickly organized in Istanbul and Anatolian provinces registering more than 2000 members by the year 2000. MUSIAD has also distinguished itself from secular TUSIAD by highlighting its attachment to religious and traditional values. In sum, MUSIAD

10 Turkish Statistical Institute, Foreign Trade Statistics, http://www.tuik.gov.tr/VeriBilgi.do?tb_id=12&ust_id=4, accessed January 4, 2008

11 Rusdu Saracoglu, "Liberalization of Economy", in *Politics in the Third Turkish Republic*, ed. M. Heper and A. Evin, Boulder : Westview Press, 1994. p, 71.

12 Gary Gereffi, "Global Production Systems and Third World Development," in *Global Change, Regional Response: The New International Context of Development*, ed. B. Stallings, CUP, 1995. p. 116.

13 Ibid. p. 117.

14 MUSIAD is critical in understanding the course of development of Turkish devout bourgeoisie. First and foremost, it is the first, largest, and best-organized businessmen association with a claim to represent conservative businessmen. It is therefore the best source of information on the preferences and experiences of devout bourgeoisie in Turkey. Secondly, MUSIAD has not only represented devout bourgeoisie but it has also served as a guide and a source of information for Anatolian entrepreneurs as they adapted to economic liberalization. Finally, MUSIAD, as the best-organized and largest association of devout businessmen, aggregates political and economic preferences of its members and communicates them to governments and political parties, thus affecting the course of conservative political parties.

members were distinct from TUSIAD members in three respects: size, location, and religious outlook.¹⁵

MUSIAD has not only been a representative of provincial entrepreneurs but it has also served as a “catalyzer” of growth and international integration for these entrepreneurs. MUSIAD under the leadership of Erol Yarar, the founding president of the association, has provided its members with several services and opportunities to discover the benefits of international trade. To encourage opening up of its members to international markets, MUSIAD has organized business trips to several countries in Europe, Central Asia, East Asia, North Africa and the Middle East. Moreover, the association brought several businessmen around the world together in its international fairs where MUSIAD members display their products and establish new business connections. In addition to activities at the international level, MUSIAD publishes booklets and journals on a wide range of issues of relevance to its members.¹⁶ These issues range from general evaluation of the economic performance of governments to more specific announcements of new opportunities, incentives, and developments at the micro-level. In short, MUSIAD has been an agent which reduces the cost of information for devout bourgeoisie in the hard and long way of opening up to the global market.

Table 1: Growth of MUSIAD membership base

Year	Number of Members
1990	12
1991	136
1992	258
1993	524
1994	682
1995	772
1996	982
1997	1153
1998	1244
1999	1312
2000	1387
2001	1520
2002	1725
2003	2045
2004	2136

*(Members who own multiple companies are counted once) Total number of companies owned by all members is estimated around 7000.
Source: Reported by MUSIAD president Ali Bayramoglu in Milliyet, April 4, 2004

MUSIAD’s expansion and growth reflects the course and pace of expansion of the devout bourgeoisie in Turkey.¹⁷ The association founded in 1990 with 12 members opened up offices in 28 cities and registered over 2000 members over the course of ten years. MUSIAD established its largest branches in Istanbul, Konya, Ankara, Bursa, Kayseri, and Kocaeli. In Adana, Antalya, Denizli and

15 For a detailed comparison of the two business associations, see A. Bugra, “Class, Culture, and State: An Analysis of Interest Representation by Two Turkish Business Associations,” *IJMES*, 30 (1998): 521-539.

16 For more information on MUSIAD activities see their website, www.musiad.org.tr

17 Two notes are in order. First, there are devout businessmen who are not members of MUSIAD, that is to say it does not and probably cannot include all devout businessmen in Turkey. Yet it is still the most important representative of devout businessmen and the most powerful association after TUSIAD. Second, Turkish economy has expanded and exporters have shown significant success starting in 1980s. New entrepreneurs emerged all around Turkey and one cannot claim they are all devout. Nevertheless, it is safe to say that devout businessmen are among these entrepreneurs who engage in exports and hence they are among the beneficiaries of the opportunities and fruits of integration with the international markets.

Gaziantep MUSIAD reached a sizable membership base. Not surprisingly, these cities where MUSIAD has a significant presence are also cities with improving records of exports in the post-liberalization period. Some details about MUSIAD member companies further reveal the extent to which devout bourgeoisie has grown as a result of economic liberalization. As shown in Table 2, 1330 of 1776 MUSIAD member companies as of 1995 were established after 1980. Furthermore, the sectoral distribution of MUSIAD member companies demonstrate that the companies established after 1980 predominantly engage in foreign trade and exports sectors compared to those companies established before 1980. The number of companies in foreign trade increases from 2 to 50 after 1980. Likewise the number of member companies established after 1980 in traditional export sectors such as textiles, chemicals, food and beverages, and furniture are thrice the number of companies established in these sectors before 1980.¹⁸ A closer look at one of the bastions of devout bourgeoisie provides further detail regarding the dynamics behind this important structural change taking place in Anatolia.

Table 2 Distribution of MUSIAD member companies according to their date of foundation (excluding companies with unknown dates of foundation)

	Number of Companies
Before 1950	28
1950-1959	42
1960-1969	85
1970-1979	283
1980-1989	739
After 1990	589
Total	1776

Source: MUSIAD Catalogue 1995

An Emerging Bastion of Devout Bourgeoisie: Konya

Konya is a central Anatolian city, infamous with its conservative and pious inhabitants. It is also the city with greatest number of MUSIAD members after Istanbul. What sets Konya apart from other MUSIAD cities is the prominence of MUSIAD members in Konya's economy. Among its 210 members MUSIAD Konya represents the most important industrialists of the city. Moreover, MUSIAD members dominate the boards of Konya's chambers of commerce and industry; nine out of eleven board members of Konya Chamber of Industry and five out of eleven board members of Konya Chamber of Commerce are at the same time MUSIAD members.

Expansion of devout bourgeoisie in Konya and economic growth in the city are two sides of the same coin. GDP per capita in Konya has increased to \$2241 in 2000 from \$1300 in 1987. Considering that the city's population has increased 25 percent during the same period, Konya's economic growth is remarkable. The growth of economic activity can further be traced in the records of Konya Chamber of Commerce. Overall membership in the chamber significantly increased over the years following economic liberalization. While there were 14279 members in the chamber in 1994, this number increased to 19,366 in 1999 and to 20,734 in 2007.¹⁹ A quantitative change has also taken place in the membership of the chamber. The number of stock companies and limited liability partnerships increased considerably during this period pointing at the growing size and financial power of the firms. In 1988 there were only 539 stock corporations while the number of stock corporations reached

18 Ayse Bugra, *Islam in Economic Organizations*, Istanbul: TESEV, 1999.

19 Caner Arabaci, 125. Yildonumunde Konya Ticaret Odasi (1881-2007), *Ipek Yolu* (Silk Road: Official publication of Konya Chamber of Commerce) vol 20 issue 237, November 2007, p. 29.

740 in 1994, and 1505 in 1999. Limited liability partnerships totaled 360 in 1988, 2347 in 1994, and 7603 in 1999.²⁰

Table 3 Number of exporting companies in Konya and the value of their total exports

	Number of Exports Companies	Value of Total Exports (\$)
2001	463	107,620,546
2002	520	130,222,093
2003	557	177,898,711
2004	627	274,509,369
2005	682	421,825,358
2006	777	492,484,999

Source: Turkish Statistical Institute, www.tuik.gov.tr

Like many other Anatolian cities, Konya's economic growth has been driven by export-oriented production. The volume of exported goods produced in Konya has substantially increased over the years. As indicated in Table 3, the number of exporting companies has doubled since 2001; the value of their total exports, on the other hand, quadrupled in this period. According to a survey conducted by Konya Chamber of Industry, 64 percent of industrialists (including subcontractors) in Konya export their products. 60 percent of all exports go to the European countries where the remaining 40 percent goes to North Africa, the Middle East, East Asia, and Latin America.²¹ In sum, Konya has substantially benefited from the new economic environment generated by liberalization and exports drive.

As Konya's economy grew so did the base and power of Konya MUSIAD. As stated by Selcuk Ozturk, current chairman, members of MUSIAD's branch in Konya controls 30 percent of Konya's economy.²² A series of in-depth interviews with Konya MUSIAD members revealed the fact that MUSIAD members have accrued significant benefits from economic liberalization. The members I have interviewed perform in variety of sectors including food processing, furniture, construction, machinery, house wares, plastics and chemicals, textiles and apparel. All of the interviewees in manufacturing sector stated that they export most of their products to a number of countries located in Europe, the Middle East, Africa, Asia and Latin America. These members have also highlighted the critical role MUSIAD played in their integration with global markets. Almost all of the interviewees asserted that Ozal's liberal economic policies have drastically changed their business prospects and widened their horizons by showing new opportunities in domestic and international markets.

The impact of liberalization has not remained limited to economic growth and accumulation of wealth but it has triggered a process of embourgeoisment, which denotes a significant change in culture and lifestyles. It is through this transformation that the devout entrepreneurs have turned into devout bourgeoisie and combined its recently acquired consumer culture with its sustained piety. This combination initiated debates about wealth and consumption in Islam while it simultaneously led to the commodification of Islamic practices. As a result, embourgeoisment has led to the rearticulation of Muslim identity and interests through internalization of bourgeois culture.

20 Ibid.

21 www.kso.org.tr

22 Interview with the author, November 12, 2007.

Embourgeoisment of the Devout Bourgeoisie

The consumer culture infiltrated the Turkish society in the 1980s with trade liberalization, foreign imports, and new and private sources of media. New consumerism, which constituted an inalienable part of economic and cultural globalization, initially affected secular upper and middle classes and later the emerging devout bourgeoisie. Consumerism presented a grave challenge particularly to devout Muslims for it fundamentally opposed the Islamic principles of modesty, thrift, and frugality. In the middle of debates on this new trend, buying habits of Muslims have drastically changed through four simultaneous developments: a revolution of marketing and advertising in Islamic media, a revolution in spiritual and intellectual values, and a reconfiguration of space and class.²³

Changes in marketing and advertising are critical in transforming buying habits and thus turning luxuries into necessities. In the course of the 1990s Islamic newspapers, magazines, and television channels started publishing and screening advertisements for variety of goods. As a result, the perception of commodities peculiar to Islamic practices has started to change. Increasingly the Islamic media sources have displayed commercials of hijab, Qur'an, religious books etc. As a complement to advertising, an idea of fashion particularly utilized for hijab and Islamic attire has emerged. A growing fashion for Islamic attire "pressured people to buy not out of need but for style—from a desire to conform to what others defined as "fashionable.""²⁴ New apparel companies producing Islamic attire for women flourished in the 1990s catering to the taste of veiled women who do not want to consume dark colored and unfashionable *tesettur* (Islamic attire that conceals parts of women, including the hair and the whole body except hands, as directed by Qur'an). *Tekbir Apparel*, a MUSIAD member company, has been the first of such companies that has substantially grown in this sector while it *fashionized* veil for devout women. As a pioneer in the construction of *tesettur* fashion *Tekbir Apparel* organized shows with celebrity models and ensured wide scale publication. In this process *tesettur* has become an object of consumption like any other commodity.²⁵ Devout women did not hesitate to look for style and beauty in their scarves as the *tesettur* companies did not hesitate to cater these demands to maximize their profits in marketing of Islamic attire. Gradually, increasing number of news pieces appeared in Islamic newspapers informing their readers of the new trends and fashionable colors in *tesettur*.²⁶

Presentation of hijab as a commodity and an item of fashion contradicted Islam, which preaches women to cover their bodies in a way to conceal the differences between women so that they do not attract men's attention. Thus for devout Muslims veil had been a sign of decency loaded with Islamic value. However, consumerism replaced the concern for religious piety and observance with a concern for beauty and style. Colors, shapes, and texture of the scarves have increasingly become a central issue as new trends and fashion in veiling emerged. More than anybody else, it has been the women of devout bourgeois class who have been attentive to new styles and fashions. They increasingly preferred Turkish and foreign brand names such as Vakko, Beymen, Burberrys and Escada for their headscarves.²⁷ The brand of one's headscarf has become a sign of one's taste and status. This relationship between the consumer and the brand has been exploited and further reproduced in commercials. The fact that the headscarf has become an indicator of status and class rather than one's piety is clearly observed in a headscarf commercial which shows two veiled women who ride in a limousine and go to a fancy shopping mall to shop for headscarves. The commercial ends with the following line: "*Belli* headscarves are for first-class lives."

23 Richard H. Robbins *Global Problems and Culture of Capitalism*, Pearson; Boston, 2005. pp. 16.

24 Ibid. p. 17.

25 For a detailed study of *tesettur* companies and their transformation in the 1990s see Mutlu Binark and Baris Kilicbay, *Tuketim Toplumu Baglaminda Turkiye'de Ortunme Pratigi ve Moda Iliskisi*, Konrad Adenauer Vakfi, Ankara 2000.

26 Yeni Safak, an Islamic daily owned by a MUSIAD member, has often published such news.

27 Eylem Turk, "Gumus Yuzukle turban da olmasa ayiramayacagiz valla..." *Milliyet*, May 10, 2003.

As consumerism infiltrated the way devout Muslims practice Islam and challenged the Islamic principle of modesty and thrift, pious Muslims have initiated a controversial debate. Devout bourgeoisie has shown substantial success in changing “spiritual and intellectual values from an emphasis on such values as thrift, modesty, and moderation towards a value system that encouraged spending and ostentatious display.”²⁸ Publications of MUSIAD, public statements of MUSIAD members and their own lifestyles made a case for accumulation of wealth and consumption. In a MUSIAD publication, Mustafa Ozel, argues that wealth is not condemned by Islam; rather wealth that is acquired through violation of Islamic principles is condemned; as long as it is acquired with respect to Islamic principles and its teachings wealth is legitimate. Therefore, there is nothing wrong with Muslims being wealthy.²⁹ Similarly, Erol Yarar reacts to mystical frugality popular in Sufi Islam, and he asserts that the mystical motto “one mouthful food, one short coat” as the source of sluggishness and lack of motivation towards the world is one of the main causes of the backwardness of the Muslim world.³⁰ Sabahattin Zaim complements this debate on wealth and consumption in Islam by elaborating on the ideal Muslim consumer: a Muslim first and foremost should consume his needs, if his income is greater than his needs then he saves, finally, he directs this extra wealth to further investments and production. These needs are circumscribed by Islamic bans on alcohol, gambling, and adultery. Moreover, a Muslim should also shy away from luxury and conspicuous consumption.³¹ After outlining these basic principles of Islam Zaim adds a final note; a Muslim should consume as much as he needs depending on the living standards of his social community.³²

Through these publications MUSIAD attempts at justification of wealth and consumption within the limits drawn by Islam. However, these publications leave the meaning of need and luxury obscure. The devout bourgeoisie opens the meaning of “need” up for new interpretations which would facilitate justification of new consumerism. This new interpretation is composed of two steps. 1) The Islamic principles of humility and minimal consumption are replaced with the idea that Muslims have a right to consume whatever they need, and 2) they deserve best of everything. The president of Konya MUSIAD, Selcuk Ozturk, takes the point home: “whatever a Muslim needs is *never* a luxury. Everything I need to do my job and to *live my life better* is a need and not a luxury”³³ (emphasis added). This new interpretation that eliminates the demarcation between need and luxury when combined with capitalist consumerism, which dictates luxuries as needs, opens the way for the emergence of devout bourgeois consumerism. For this new devout bourgeois class, expensive automobiles, fancy houses decorated lavishly, weddings organized in five-star hotels, shopping trips to European fashion centers, and long vacations in expensive hotels in Turkey and abroad are ‘needs’ rather than luxuries.

Once again MUSIAD members have been the pioneers of devout bourgeoisie in replacing modesty with ostentatious display. MUSIAD International Fairs host stylish and expensive brands of furniture and decoration serving to the tastes of MUSIAD members. In these same fairs members shop for luxurious residences overlooking Kaaba in Mecca. Members in their business and private lives prefer certain brand names such as Ermenegildo Zegna, Ninna Ricci, Prada, Gucci, Dior, Armani, Channel, Burberrys, Tommy Hilfiger, and Louis Vuitton for their attire or accessories.³⁴ In Ramadans, they eat

28 Richard H. Robbins *Global Problems and Culture of Capitalism*, Pearson; Boston, 2005. p. 21.

29 Mustafa Ozel, “Adam zengin olur mu?” in *Homo-Islamicus*, MUSIAD; Istanbul, 1994. p. 13.

30 Erol Yarar, *A New Perspective of the World at the Threshold of the 21st Century*, MUSIAD, Istanbul. p. 39.

31 Sabahattin Zaim, “Ekonomik Hayatta Musluman Insanin Tutum ve Davranislari,” in *Homo-Islamicus*, MUSIAD; Istanbul, 1994. p. 106.

32 *Ibid.* p. 107.

33 Quoted in Sabah, *Turkish Daily*, March 29, 2006.

34 Eylem Turk, “Gumus Yuzukle turban da olmasa ayiramayacagiz valla...” *Milliyet*, May 10, 2003.

their *iftar* (after sunset feast) in five-star hotels or fancy restaurants.³⁵ They even enjoy summer vacations in five-star hotels on the coasts of the Mediterranean. Of course these vacations are tailored to the Islamic sentiments of the devout bourgeoisie. A new sub-sector in tourism called Islamic vacationing emerged in the 1990s to serve devout bourgeois families by providing women with secluded pools and beaches. Several five-star hotels in compliance with Islamic rules opened one after another in the 1990s such as Caprice, Shah Inn, and recently Rixos,³⁶ which served devout bourgeoisie around the coast of Mediterranean. Those who feel these five-star hotels do not meet their 'needs' prefer more luxurious and expensive seven star hotels in Dubai.³⁷

A reconfiguration of space and class has also taken place along changes in advertising and reinterpretation of spiritual and intellectual values. Devout bourgeoisie has increasingly moved to the suburbs of the cities while preferring shopping centers and malls as their public venues. In Istanbul, the devout bourgeois families reside in up-scale suburban neighborhoods such as Florya, Yesilkoy, or Camlica, while in Konya they prefer villas located in hip Meram. Reconfiguration of space is strikingly visible in a MUSIAD residential project in Konya. This residential complex is built by a group of MUSIAD members to offer an alternative and secluded space for families of MUSIAD members. This well-protected complex is located in Meram with spacious and fancy apartments, lavishly decorated, and including a variety of facilities, such as swimming pools, tennis courts, parking lots, and indoor ornamental pools, which make it a bourgeois living space.

In sum, economic liberalization of the 1980s has not only provided opportunities of growth and enrichment for the provincial entrepreneurs of Anatolia. It has also offered new ways of consuming this recently acquired wealth. During this process the provincial entrepreneurs have encountered bourgeois consumerism. At the face of this new culture of consumption these entrepreneurs have declined to reduce the weight of Islam in their lives. Instead they combined their piety with new consumerism that resulted in commodification of religious practices as it has been in the case of veiling, hajj (pilgrimage), Ramadan and Islamic vacations. In consequence, these entrepreneurs have become devout bourgeoisie with distinct tastes and consumer preferences that set them apart from both secular bourgeoisie and devout lower-classes.

Embourgeoisment signifies a simultaneous change in socio-economic status, interests, and preferences. Now wealthier and embedded in consumer culture, devout bourgeoisie attaches more value to the means that facilitate this new bourgeois lifestyle. The new set of interests of securing bourgeois status realigns the political preferences of the devout bourgeoisie along centrist political movements which defend economic liberalism and democracy. They prefer economic liberalism because freer markets mean less state command over the means of production; while democracy allows for greater participation in the decision making process, and at the same time it decreases the possibility of arbitrary state rule. Both of these opportunities provided through consolidation of democracy empowers the devout bourgeoisie and protects its interests in the long run. How and why the devout bourgeoisie determine the course of change in political Islam is detailed in the following section.

35 For an interesting study on commodification of Ramadan see Ozlem Sandikci and Sahver Omeraki, "Islam in the Marketplace: Does Ramadan turn into Christmas?", *Advances in Consumer Research*, Vol. 34, 2007.

36 Notice the Western names chosen for these hotels.

37 Eylem Turk.

Effects of Emergence of the Devout Bourgeoisie on Turkish Political Islam

The representative of political Islam in Turkey has been the stream of political parties³⁸ established by *Milli Gorus* (National Outlook, MG) movement since the early 1970s. *Milli Gorus* under the leadership of Necmettin Erbakan has implicitly envisioned an Islamic state and it explicitly aimed for Islamicization of the Turkish society. *Refah Partisi* (Welfare Party), the MG party in 1980s and early 1990s, increased its share of the votes over 1990s and won the plurality of the votes in 1995 elections. A year after the elections the RP formed a coalition government with the centre-right True Path Party. The RP-TTP government resigned in June 1997 as a result of the pressure culminated since the NSC meeting in February 1997. The RP was banned in 1998 and the *Fazilet Partisi* (Virtue Party) was established by the MG movement. However, during the February 28 process the existing schisms in the party surfaced and in its short life the FP witnessed clashes between the moderates (*yeniliciler*) and the hardliners (*gelenekciler*). After one last challenge to the traditionalist hard-liners at the party congress the moderates left the MG movement to establish their conservative-democratic party, *Adalet ve Kalkinma Partisi* (justice and Development Party), in 2001. The AKP leaders denounced their political Islamic background and declared that the AKP is a party of democracy, pluralism, and liberalism.

The rising devout bourgeoisie has played a critical role in this recent and bewildering change of the MG movement. The provincial entrepreneurs were traditionally in the constituency of the RP, which defended state interventionism, social justice, and redistribution. However, as these entrepreneurs turned into devout bourgeoisie through acquiring economic power independently of state patronage and the new consumerist lifestyle wedded to piety they have rearticulated their political preferences. The RP discourse has proven to be overly ‘socialist,’ statist, anti-western, and confrontational for the rising devout bourgeoisie which prefer liberal markets, minimal state intervention, pro-western attitude, and peaceful relations with the secular state establishment. As a result of this change in its interests the devout bourgeoisie tilted the balance of power within the MG movement via its financial and political support in favor of moderates, who desired to transform the RP into a center-right party.

The MG line with its emphasis on heavy state interventionism through an economic program called “Just Order” has increasingly alienated the emergent devout bourgeoisie. Erol Yazar, the founding president of MUSIAD, stated that they were highly skeptical of Erbakan’s Just Order Economic Program, and they rather preferred a political cadre who could deliver a well-functioning free market.³⁹ Erbakan’s support for greater state presence in economy did not fit well with what the expanding devout bourgeoisie demanded. Seyit Mehmet Buga, a MUSIAD member businessman in Konya, confirms that the main factor behind the separation of RP was its insistence on state’s dominance in the economy. Buga argues that the traditionalists in the RP could not realize that the age of statism was long gone. The devout businessmen longed for a leader like Ozal, economically liberal and socially conservative, rather than a leader like Erbakan.⁴⁰

Moreover, the tense relations between the party and the secular establishment after it came to power as the senior partner of a coalition government further contributed to this alienation. The uneasy relations with the state institutions substantially increased the risks for the devout entrepreneurs who would naturally desire to minimize political costs. Finally, the distance of the RP in particular and the MG in general to the West and the EU turned into a major concern for the devout bourgeoisie which established close business relations with the EU countries following economic liberalization and particularly Customs Union in 1994. *Yeniliciler* were among the group who realized that a change has

38 The first *Milli Gorus* party was the National Order Party in 1971, after its closure by the constitutional court the movement established the National Salvation Party. The NSP was banned in 1980 military coup. The same cadre established the Welfare Party in 1983. The court outlawed the Welfare in 1998 leading to the foundation of the Virtue Party.

39 Personal Interview, March 14, 2007.

40 Personal Interview, September 6, 2007.

been taking place within the social basis of the MG movement. In 1998 Erdogan pointed at this change and claimed that the MG line has increasingly distanced itself from its constituency and failed to respond to their demands.⁴¹

A new alliance between the devout bourgeoisie and the moderates within the MG movement started to take shape prior to 1997. This alliance grew in strength after 1997 when the devout bourgeoisie threw its support behind the *yenilikciler*, which became increasingly active in the aftermath of the February 28 process, against the hard-liners. The devout bourgeoisie supplied the reformist wing with financial, human, and political resources and thus played a proactive role in the establishment of a new conservative democratic political party. In terms of financial support Albayrak Group, a MUSIAD member company, took the lions share and became one of the chief financiers of the *yenilikciler*.⁴² Furthermore, the Group through its daily newspaper, *Yeni Safak*, heavily propagated in favor of *yenilikciler* before and after the FP Party Congress in 2000 when they openly confronted the traditionalists in the party.⁴³

Following the closure of the FP, *yenilikciler* left the MG movement to establish a new party. The former FP MPs had to decide which side they would join. 31 of FP MPs were businessmen and 28 of them joined *yenilikciler* and their new political party.⁴⁴ The support of the devout bourgeoisie was not confined to the parliament but it continued as *yenilikciler* started setting up the local branches of the AKP. MUSIAD played a critical role at the organizational level as numerous members of the association joined the AKP to complete the organization of the local offices of the party in Anatolian cities. Moreover, several MUSIAD members ran in the 2002 elections in the AKP lists and twenty MUSIAD members were elected AKP MPs.⁴⁵

The fact that the devout bourgeoisie supported the AKP and effected its establishment is apparent in the AKP program and its policy platform. As Ali Bayramoglu, the second president of MUSIAD and currently an AKP MP, states, the association and its policy recommendations has equipped the new party with new ideas and formed the basis of AKP platform.⁴⁶ In this regard AKP party program has significant parallels with MUSIAD's economic and political reports. MUSIAD report on Democratization and Constitutional Reform published in 2000 clearly inspires AKP, which, like MUSIAD, demands a more civil and democratic constitution, extension of human rights and freedoms, decentralization of administration, and greater compliance with the EU Copenhagen Criteria.⁴⁷ Likewise, the AKP defends liberal economy, deregulation, and a small state while it advocates SME based export-oriented economic growth.

41 Cakir, Rusen and Fehmi Calmuk, *Recep Tayyip Erdogan: Bir Donusum Hikayesi*, Istanbul; Metis, 2001. p. 154

42 Cakir and Calmuk, p. 151.

43 For details see the issues of *Yeni Safak* in May and June 2000.

44 Based on the information provided by the Grand National Assembly on MPs, www.tbmm.gov.tr

45 Reported by Nihat Alayoglu, The General Secretary of MUSIAD, personal interview, September 25, 2006.

46 "Muhafazakar MUSIAD, Metroseksuel olabilir mi?" *Milliyet*, April 4, 2004.

47 For details see MUSIAD report "Anayasa Reformu ve Demokratikleşme," (2000) and AKP Program 2001, www.akparti.org.tr

Table 4 Share of votes of Milli Gorus Parties and AKP since 1995 elections in cities with largest MUSIAD branches

	MUSIAD members*	AKP 2002	Saadet 2002	Fazilet 1999	Refah 1995
Istanbul	937	37.2	3.79	21.29	23.93
Konya	258	54.94	4.78	30.17	41.74
Ankara	244	38.11	1.12	17.07	20.88
Bursa	192	41.3	2.93	15.37	18.76
Kayseri	130	54.34	2.28	23.24	33.06
Kocaeli	106	42.85	6.17	22.74	31.68
Antalya	98	21.16	1.02	6.25	13.3
Adana	92	26.82	1.66	10.27	16.69
Denizli	80	24.17	0.83	5.76	10.34
Sakarya	78	43.84	3.42	24.36	28.24

* Total number of MUSIAD members as of 2006.

Table 5 Share of votes of Milli Gorus Parties and AKP since 1995 elections in cities with highest density of MUSIAD membership

Membership density*	AKP 2002	Saadet 2002	Fazilet 1999	Refah 1995
Rize	44.19	4.23	20.77	23.87
Kayseri	54.34	2.28	23.24	33.06
Konya	54.94	4.78	30.17	41.74
Sakarya	43.84	3.42	24.36	28.24
Denizli	24.17	0.83	5.76	10.34
Istanbul	37.2	3.79	21.29	23.93
Bursa	41.3	2.93	15.37	18.76
Kocaeli	42.85	6.17	22.74	31.68
Elazig	41.99	5.92	24.48	41.84
Zonguldak	30.53	2.58	9.66	14.28

*Cities are ranked according to the density of MUSIAD members, calculated by dividing total population of a given city by total number of MUSIAD members in that city

The support of the devout bourgeoisie has continued at the ballot box. The vote share of the SP (the last MG party), after the split of the *Milli Gorus* and formation of the AKP, has dropped to 2,5 percent while AKP's vote share reached 34 percent.⁴⁸ Tables 4 and 5 clearly indicate the transfer of votes from Fazilet to AKP between 1999 and 2002 elections. The same tables also demonstrate the decline in the Refah Party's share after 1995 elections indicating the alienation occurring among the constituency of *Milli Gorus* movement.

In short, emergence of a devout bourgeoisie with a new consumerist culture has been the driving force behind the moderation of political Islam in Turkey. The MG line has broken as a result of this structural change within the traditional constituency of political Islam. This structural change facilitated the emergence of a moderate, democratic, economically liberal, and socially conservative political party from the ranks of the *Milli Gorus* movement. As the devout bourgeoisie attained greater

48 AKP's success at the ballot box indicates the fact that not only the devout bourgeoisie but also other parts of the Turkish electorate have voted for the AKP in 2002 elections.

wealth and a new lifestyle so they demanded a change in their political representation culminating in the establishment of the AKP in 2001. The rising power of devout bourgeoisie strengthened the hand of the moderates within the *Milli Gorus* movement who wished to become a center right conservative party rather than a marginal Islamic party.

Egypt's Limited Economic Opening and its Beneficiaries

Economic liberalization in Egypt followed a different path. First of all, the state undertook liberalization in two prolonged stages, and secondly, the state's role in economy has not decreased despite liberalization rather it changed form. With its continuing dominance in the economy the state managed to direct the effects of globalization. As a result, the benefits of globalization have not trickled down to broader segments of the society as it did in Turkey but rather have accrued to a concentrated group of big business that has close ties with the regime.

The first stage of economic liberalization was initiated by Sadat who succeeded Nasser while the regime was suffering an economic and political crisis which emanated from the humiliating defeat in the 1967 war. To make-up for the losses in legitimacy and to overcome the economic problems, Sadat initiated a process of economic liberalization called *Infitah* (Open Door Economic Policy) that would secure legitimacy for the regime through giving a greater role to the private actors in the economy. The main goal of the *Infitah* incepted in 1974 with the October Paper was to attract foreign capital and foreign direct investment, to stimulate private sector, and to increase the efficiency of the public sector enterprises.⁴⁹ In order to reach these goals the government employed two instruments: Law 43 of 1974 and Law 32 of 1977. These instruments facilitated privatization in the financial sector, liberalization of foreign trade, and reorganization and privatization of the public sector through joint ventures. Law 43 lifted export-import restrictions and labor-law requirements, and provided tax exemption for five years of operation. Later supplements lifted the restrictions on importing through private-sector companies and allowed public-sector firms to invest or enter into joint ventures with private capital.⁵⁰ Moreover, Egyptians were permitted to hold foreign currency accounts under Law 97 of 1976, and to engage in foreign exchange transactions.⁵¹

The way the Egyptian government designed economic opening led to major developments in financial and commercial sectors without generating any significant change in manufacturing sector and its export capacity. Most of the foreign investment entered Egypt in the early years of the *infatih* was interested in construction, petroleum, and services sector such as tourism and banking. None of these sectors provided Egypt with new sources of employment or exportable surplus. Foreign investors were mostly interested in the financial sector, and when they established their joint venture banks they were more interested in extracting foreign exchange remittances from Egyptian depositors for profitable placements abroad than in investing in Egyptian enterprise.⁵² For instance, the number of banks, which stood at four by 1974, reached a total of 97 (including commercial, investment, and off-shore banks) by 1984.⁵³ Even when these joint venture banks invested in Egyptian undertakings they preferred financing foreign trade since returns were higher in this sector due to higher interest rates set by the government for credits to foreign trade.⁵⁴ In other words, "the government's interest rate policy

49 John Waterbury, "The 'Soft State' and the Open Door: Egypt's Experience with Economic Liberalization, 1974-1984," *Comparative Politics*, 18 (1985). p. 66

50 Saad Eddin Ibrahim, "Egypt's Landed Bourgeoisie" in *Developmentalism and Beyond*, ed. Oncu et al, Cairo: AUC Press, 1994. p 18.

51 Nemat Shafik, "Multiple Trade Shocks and Partial Liberalization: Dutch Disease and the Egyptian Economy," *The World Bank*, November 1994, p. 16

52 C.H. Moore, "Money and Power: The Dilemma of the Egyptian Infitah," *The Middle East Journal*, 40 (1986), p. 634.

53 Shafik, p. 16

54 Moore, p. 643

had the effect of discouraging investment in tradable agriculture and industry in favor of commercial transactions.”⁵⁵ The consequence was a boom in imports of consumer goods rather than growth in manufacturing or improvement in productivity.

Moreover, *Infitah* has not led to a reduction in the state’s dominance in the economy. Rather than boosting the private sector the state continued its predominance in the economy through rents it collected from a variety of sources, a sustained presence in the financial sector via joint ventures, and legal-bureaucratic tinkering. The state has been resolute to determine the pace, effects, and beneficiaries of economic liberalization. During this period the state far from withdrawing from the economic arena in favor of private enterprise, has occupied a greater share of it. As a result, public revenue as a percentage of GDP increased during *infitah*, rising from 34.4 percent in 1975 to 43 percent in 1984.⁵⁶

One of the major factors that facilitated the sustained dominant role of the state in political economy throughout the early decades of the *Infitah* was extensive rents collected in the 1970s and 1980s. The major sources of rents were oil, remittances of migrant labor in the Gulf, the Suez Canal revenues, tourism, and international aid from the West. Oil revenue, international aid, Suez Canal rents were directly collected by the government which in turn “reinforced the state’s centrality within the political economy and provided ‘rent’ to enable it to emulate allocation states.”⁵⁷ The public sector spent most of the surplus revenue on public sector industry, improvement in infrastructure, and consumer subsidies.

The second major factor that allows state to dominate the process of economic liberalization in addition to various sources of rent is extensive employment of legal and bureaucratic means that secure state’s role in the economy. Law 43 states that public companies may get in partnerships with private investors to establish joint ventures. What seems, at first, as back door privatization, is in fact another route for the government to extend its control over the emerging ‘private sector’.⁵⁸ Paradoxically, in the period of economic liberalization the public sector expanded over 3.5% per annum between 1973 and 1982.⁵⁹ Rather than encouraging private sector in the economy the state turned into a private actor which seeks profit.

Such a prominent role preserved by the state within a more economically liberal environment meant that a new stratum—dubbed as state bourgeoisie by Waterbury—composed of managers, technocrats, and high level bureaucrats, who are in close contact with foreign and private capital, would emerge. Second, along with state bourgeoisie a new bourgeois class has taken shape. This new bourgeoisie included elements of the old bourgeoisie who left Egypt after the revolution and returned with *Infitah*, as well as new actors who have benefited handsomely from the opportunities in the commercial sector. The *infitah* bourgeoisie, conveniently dubbed in reference to the period during which they have flourished, has grown heavily dependent on the state that still reigned over the banking sector in joint ventures, determined the interest and exchange rates, and shaped the course of investment through various incentives. During this process the state showed a clear preference in favor of energy, finance, and tourism sectors as well as big industries. In other words, the state supported the big business by means of incentives and subsidies in oil and electricity—critical inputs for capital-intensive industries and service sectors.

The dependency of the big business on the state has intensified with the state’s heavy investment in infrastructure during the *Infitah* period. Thanks to handsome rents accruing from oil, remittances, and

55 Shafik, p. 17

56 Robert Springborg, *Mubarak’s Egypt*, London; Westview Press, 1989. p. 157-158

57 Springborg, p. 154

58 Springborg, p.151

59 Shafik, p. 13

Suez Canal the Egyptian government spent on infrastructure by contracting large-scale public projects to the private sector, whose members have quickly turned into state oligopolists. Osman Ahmad Osman, the most prominent of state oligopolists, made a fortune during this period. Finally, despite the steps it has taken to liberalize the trade regime the state provided parts of the industrial sector with protection through tariffs and quotas, often on an ad hoc basis facilitated by an amendment to Law 43. Many private investors obtained guarantees of quantity controls as a precondition on their investing.⁶⁰ While the public sector and big business in joint ventures benefited from this policy small and medium investors that “have been deprived access to the same attractive rules offered to large firms” were heavily discriminated.⁶¹ Most of these decisions that favored big business over smaller enterprises were extension of close and personal connections between the state and the *Infitah* bourgeoisie, which employed different means to further strengthen this relationship. Accordingly, big businesses hired former cabinet members with no prior experience in private sector as board chairmen, general managers, or advisers of major *infitah* companies.⁶² Or they joined the ranks of the ruling National Democratic Party and get elected to the People’s Assembly. In the 1987 there were more than eighty members of the *infitah* bourgeoisie in the Assembly compared to fewer than 20 in 1976. Finally, many prominent figures of the new bourgeoisie found the opportunity to take part in the cabinet as ministers. The percentage of businessmen in cabinet appointments increased from 2.4 per cent in 1970 to 14.7 per cent in 1981 and 20 per cent in 1990.⁶³

While the state built strong and intimate ties with big business, small and medium entrepreneurs during *Infitah* have not received any assistance from the state in terms of incentives nor did they have access to cheap credit. They relied on their own sources for capital accumulation. Moreover, because their business ventures have not rested on strategic relationships with the civilian or military bureaucracy or the political elite and because there is no organized group that could defend their collective interests they have been vulnerable to “arbitrary and frequently destructive interventions of the bureaucracy.”⁶⁴

Development of devout bourgeoisie during *Infitah* has paralleled the developments in the overall economy. In the 1980s Islamic financial sector emerged and developed as Islamic banks and Islamic investment companies handsomely benefited from *Infitah* policies. However, *Infitah* has not offered any opportunities of growth and expansion for the devout small and medium size businesses which remained limited in number and economic power. Islamic banks were established mostly by what Springborg calls *haute* devout bourgeoisie with origins in the elite families of the *ancien regime*. The owners of the Islamic investment companies were, on the other hand, nouveau riche of the *Infitah* and they were often seen as shady operators by the elite devout bourgeoisie. Despite their differences, both Islamic banks and Islamic investment companies accrued substantial benefits from economic opening while devout small entrepreneurs producing consumer goods remained economically and politically marginalized. This marginalization was mostly a result of the economic policy making which favored financial and commercial sectors over manufacturing and big business over small enterprises. Unfortunately, expansion of the Islamic finance has not offered any meaningful opportunities for the manufacturing sector, either.

The two major Islamic banks in Egypt, the Faisal Islamic Bank and the International Islamic Bank for Investment and Development, channeled most of their activity to either short-term trade financing, which carries relatively little risk, or foreign currency and precious metals speculation.⁶⁵ As a result,

60 Shafik, p. 18-19

61 Handoussa cited in Springborg, p.159

62 Ibrahim, p. 21.

63 Ibrahim, p. 21.

64 Springborg, p.78-80

65 Nazih Ayubi, “Privatization in Egypt,” *International Review of Administrative Sciences*, 56 (1990), p. 185

these banks ended up financing commercial sector rather than investments in industry and agriculture, which meant that they continued financing already well-to-do rather than aiding the struggling and risk-taking small entrepreneurs.⁶⁶ By denying funds to mostly conservative small entrepreneurs Islamic banks like their secular counterparts prevented the expansion of the small and medium size businesses in the new *Infitah* era.

Islamic investment companies, meanwhile, whose number reached 50 in 1980s, had gained the lion's share of Egyptian overseas deposits mainly from migrant workers.⁶⁷ They operated like venture capital firms, paying depositors on the basis of the profitability of their portfolio, rather than a fixed rate of interest. These funds were unregulated and uninsured, but were able to mobilize substantial savings with high rates of return, ranging from 20-40%⁶⁸ much higher than the Central Bank's low administered interest rates on domestic assets. The reason why they could offer so high returns was the fact that they made substantial profits mostly in currency speculation, gold trade, real estate, and commerce. Manufacturing was a marginal undertaking for Islamic investment companies due to greater risks and lower returns associated with the sector. Commercial sector was much more appealing in this respect. The Islamic investment companies gained so much prominence in imports sector that some larger investment companies cornered import markets for commodities and could control prices.⁶⁹

The expansion of the devout bourgeoisie in the finance sector in the 1980s was stalled when the government imposed reporting requirements and a regulatory structure on the Islamic funds in 1988 that in turn triggered numerous bankruptcies.⁷⁰ By the late 1980s, Islamic investment companies lost their power and place in the financial sector, whereas Islamic banks managed to hold on to their activities albeit in a smaller scale as their clientele—migrant workers—shrank in the late 1980s as a result of the recession in the Gulf.

Economic Stabilization in the 1990s

The state's policies during *Infitah* have started to generate severe economic problems in the 1980s. As the state generously directed scarce sources for investment to infrastructure, which mostly benefited the state oligopolists, instead of tradable goods production, the gap between investment and savings increased.⁷¹ Neglect of the manufacturing and agricultural sectors in favor of commercial and service sectors and simultaneous boosts in imports culminated in an ever-growing deficit in the current account. The government initially financed the gap with foreign borrowing, creating a total debt of 150% of Egypt's GNP and thus rendering Egypt the most indebted country in the world.⁷² In later periods, when the sources of foreign borrowing dried up the government returned to the domestic banking system to finance its budget deficit, pushing the inflation rate to 25%. The government had to cut its spending to reduce the budget deficit but this was a much harder task than usual since most of the spending was located in either military or consumer subsidies.⁷³

66 Ayubi, p. 184

67 Moore, p. 249

68 Shafik, p. 18

69 Moore, p. 250

70 *ibid.*

71 45% of total investment was concentrated in infrastructure and less than 20% infrastructure related investments were related to the manufacturing sector Alan Richards, "The Political Economy of Dilatory Reform: Egypt in the 1980s," *World Development*, 19 (1991), p. 1722

72 Richards, p. 1723

73 The subsidies have constituted a great burden on the government spending, which reached 20% of the GDP in the 1980s. For details see Richards, 1724

Facing dire economic circumstances, Mubarak finally signed a stand-by agreement with the IMF in the 1990 for economic stabilization and structural adjustment. Soon the macro-economic indicators quickly improved.⁷⁴ The state has taken steps to liberalize trade and finance, to deregulate some of the prices, and to make Egyptian pound convertible. However, the Mubarak regime has not shown the success it achieved in stabilization in enacting structural reforms. The state maintained its predominant position in the economy as 70 percent of bank assets were controlled by state-owned banks, privatization of the state owned enterprises remained dawdling (only 91 out of 314 state owned companies were privatized and only 9 of the 91 underwent change in management, which meant the ownership has changed without a change in management), and the State Owned Enterprises constituted the 30% of the GDP by 1998.⁷⁵

Moreover, the state has continued its policies of supporting big business during economic liberalization primarily through investments in infrastructure and services sector. It has encouraged private investments in infrastructure through build-own-operate-transfer schemes and opened up for bids in airport and road-development projects while it supported private sector involvement in transportation and communications sectors. Along these lines cellular phone concessions and port services were opened to private investors. Given the capital-intensive nature of these economic activities it was natural that the big business embarked upon these new opportunities in infrastructure, communications, and transportation. Sawiris family, owners of ORASCOM companies, is a striking example of the extent to which big business benefits from the state's support. ORASCOM in 1998 bought the cellular phone concessions and established Mobinil, which until 2003 faced serious competition in its telecommunications sector. Not surprisingly, ORASCOM telecommunications has become the top Egyptian company in 2005.⁷⁶ Similarly, ORASCOM Construction Industries has signed contracts with the state in several infrastructural facilities including military constructions and hence accrued substantial profits. ORASCOM Construction Industries is listed the second largest company in the Egyptian economy.⁷⁷

While big business took the advantages of macro-economic stability and the incentives offered by the state, the business environment remained unfriendly for small and medium size firms. A survey conducted by the ECES in 1998 concludes that small firms suffer more than larger firms do from institutional constraints such as tax administration, dispute settlement, cost of access to finance, and unofficial payments made to state agents.⁷⁸ The reason why small firms suffer at a greater extent is the fact that small and medium size entrepreneurs have limited access to the state mechanism and have limited or no personal connections to the state elite. Therefore, they have no political asset to counterbalance the unlimited discretionary power of the tax collector or a way of avoiding unofficial payments made to the bureaucracy. This is much less of a problem for the large businesses that enjoy extensive ties to the state elite as described above. Similarly, cost of information and cost of credit are among the chief obstacles before small and medium enterprises. The fact that commercial banks direct 70% of total consolidated loan to short-term commercial lending means that formal credit is restricted to large firms.⁷⁹

In sum, the two-staged economic liberalization in Egypt generated a different outcome than the Turkish case. Economic policies in Egypt enabled the state to construct a new winners circle mostly composed of big business and state bourgeoisie, pushing small and medium entrepreneurs to the

74 The public deficit to GDP ratio shrank to 3%, inflation rate was cut back to 7%, and the current account deficit fell significantly by 1998.

75 Shafik, p. 18.

76 Business Today, June 2006.

77 Ibid.

78 Samiha Fawzy, The Business Environment in Egypt, Working Paper no 34, November 1998, ECES.

79 Ibid.

sidelines. Devout bourgeoisie as a result of these policies emerged divided and ineffective. Small devout businessmen have never found the opportunity to expand and become devout bourgeoisie given the absence of an export drive and an unfavorable economic environment for small-scale manufacturers. Only big businesses owned by devout families could grow in this economic environment and become devout bourgeoisie, and yet it could do so being dependent on the state for its survival given the continued predominance of the state in the economy. Despite its limits and ineffectiveness the devout bourgeoisie has nevertheless developed a distinct devout bourgeois culture, one that is similar to the Turkish version.

New Devout Bourgeois Culture in Egypt

Globalization combined with economic liberalization under state's control offered some devout entrepreneurs with opportunities of expansion. Meanwhile globalization has also offered new ways of consumption particularly through flowing imports. Devout upper class Egyptians residing in Cairo have responded to this dual and simultaneous change by blending their desire of observing Islam with the new consumer culture and individualism. This response, which this paper calls embourgeoisment, entails commodification of symbols of Islamic practices that are detached from their Islamist context built by the political and official Islamists and made commodities in the market.

Veiling, which has been a critical symbol of Islamist politics in the 1970s and 1980s, has become increasingly commoditized in the bourgeois culture of devout upper class Egyptian women. While hijab was a sign of equality and decency for the Islamist movements it has become a sign of status and taste at the hands of bourgeois women, who shop for their hijab in fancy shops in Egypt and in Europe. Several boutiques, which closely follow the European fashion trends, cater to the tastes of the devout bourgeoisie. These shops also reflect their customers' admiration for the western world in their names: al-Muhajaba Home, al-Salam Shopping Center, Flash, and l'Amour.⁸⁰ Simultaneously, hijab has created its own styles and fashion, a process that clearly complements commodification. Besides the shops, magazines like *Hijab Fashion* inform women of different styles and new trends.⁸¹ When women shop for hijab they are increasingly attentive to new trends and styles for they desire to conform to fashion and accentuate their individuality rather than their Islamic modesty.

Like hijab, nashid (religious chants) are stripped from their heavy ideological content and popularized with light verses on love accompanied by western musical instruments and technologies. A significant tool of Islamist movements has become an instrument for entertainment in the weddings of devout bourgeoisie in Egypt, which empties nashid of its radical Islamist content and replaces it with a lighter version.

Despite all these developments in marketing and re-invention of Islamic practices as commodities, accumulation of wealth and new consumerism generates tensions within the Muslim conscience in Egypt as it has done in Turkey. Breaking the Islamic teachings of thrift and frugality and justification of wealth as well as consumerism becomes a concern for the devout bourgeoisie. The role that the MUSIAD plays in Turkey in comforting the devout bourgeoisie and re-interpreting the Islamic understanding of wealth and consumption is played by new type of preachers in Egypt. Sandwiched between the official Islam of Al-Azhar and political Islam of the Muslim Brotherhood the hip-devout Egyptians repress their religious anxiety with the sermons of these new preachers. Amr Khaled is the most popular of these preachers, who is an accountant by training of an upper-class origin, and first appeared in the late 1990s in salon style gatherings in upper-class homes. With his designer suits, Hugo Boss shirts and tie and clean-shaven face he looks more like the "televangelists" rather than the ulama of al-Azhar. In contrast to the al-Azhar teachings or the independent Imams of the political

80 Quoted in Haenni and Tammam, *Egypt's Air-Conditioned Islam*, *Le Monde Diplomatique*, September 2003.

81 Hadeel Al-Shalchi, *Fashion Statement?*, *Al-Ahram Weekly*, 22-28 February 2007

Islamic movements, Amr Khaled talks about attaining the values of liberal modernity: ambition, wealth, success, hard work, and efficiency. According to his teachings and style of preaching Muslims should seek wealth through hard work and ambition, and they should never be ashamed of their material possessions. In many instances he offers comfort to the devout bourgeoisie by justifying wealth accumulation through capitalist means in an Islamic framework. Once, Khaled told his followers in a show: “I want to be rich so that people will look at me and say ‘You see, rich and religious’, and they will love God through my wealth. I want to have money and the best clothes to make people love God’s religion.”⁸²

In sum, the Egyptian devout bourgeoisie, despite its limited size compared to their Turkish counterparts, has undergone a similar process of change in its consumption patterns as well as its perception of wealth accumulation. However, as their Turkish counterparts, their religious beliefs and practices do not wither away, rather these beliefs are rearticulated within an economically liberal and consumerist framework with the help of new preachers.

Political connections of the Devout Bourgeoisie

The Muslim Brotherhood has been the main political Islamic movement in Egypt since its establishment in 1928. Established by Hasan al-Banna, a school teacher, in 1928 in Isma‘iliyya, inspired by the Salafiyya⁸³ movement, the Muslim Brotherhood quickly grew into a popular movement engaged in variety of activities in social and political life.⁸⁴ The ultimate objective was the establishment of an Islamic society and state that fully conform to Shari’a. As the MB increased its popularity and widened the scope of its activities it entered into decades of turbulent relations with the state, and the Muslim Brothers suffered periods of repression under King Farouk and after the revolution under Nasser.

Relations between the MB and the state gradually normalized when Sadat succeeded Nasser who left a regime in a deep legitimacy crisis in the aftermath of the 1967 defeat. Sadat accommodated the organization with intent to undermine the power of the leftists and the Nasserists. During Sadat’s presidency the Brethren under the leadership of Supreme Guide Tilmisani recovered from repression of the Nasser’s regime and reformed its organization around a moderate fundamentalist ideology, which rejects the radical line of Qutb⁸⁵ and instead employs gradualism and reform. Following the assassination of Sadat by the radical Islamic groups started the rule of Mubarak in 1981 whose position towards the Brethren has oscillated between repression and accommodation in the last three decades.

In the early 1980s Mubarak continued with limited opening of the regime, which Sadat started in the 1970s, providing the MB with opportunity to participate in elections. As an illegal organization the Muslim Brothers could participate in the elections only through alliances with other parties or nominating independents. Brothers have shown considerable success in 1984 and 1987 elections in

82 Quoted in Haenni and Tammam, Egypt’s Air-Conditioned Islam, *Le Monde Diplomatique*, September 2003

83 Led by Jamal al-Din al Afghani and Muhammad Abduh, Salafiyya (return to the ancestors) advocated return to the Islamic fundamental texts (the Qur’an and the Sunnah) and reopening of the right to *ijtihad* (individual interpretation of the founding texts). This reinterpretation of the founding texts would enable Muslims to respond to the political, cultural, and scientific challenges of Westernization and modernization since Islamic heritage was compatible with modern ideas and institutions. Rashid Rida, a student of Abduh, made a conservative turn in Salafiyya thought and emphasized the comprehensiveness and self-sufficiency of normative Islam more strongly than Abduh had done. It is Rida’s conservative version of Salafiyya that has been inspiring for al-Banna and the Muslim Brotherhood. For more see John L. Esposito, *Islam and Politics*, Third Edition, New York: Syracuse UP, 1991. p. 49, 62-66.

84 For a detailed account of the emergence and early years of the Muslim Brotherhood see Richard P. Mitchell, *The Society of the Muslim Brothers*, Oxford: Oxford University Press, 1969.

85 A high level rejection of the radical line of Qutb was the publication of a document titled “Preachers not Teachers” by the supreme guide Hudaibi and the other leaders of the Muslim Brothers in 1969.

alliance with the Wafd and Labor Parties respectively. Meanwhile, the MB has increased its effectiveness in the professional syndicates. One after another engineers', doctors', teachers', lawyers', and journalists' syndicates fell under the influence of the Muslim Brothers. Facing an increasing challenge from the MB Mubarak used the terrorist attacks carried by the radical Islamist groups as excuses to crack down on the society in the mid-1990s. The police arrested hundreds of Brothers especially prior to 1995 elections, and the courts sentenced the leaders and most prominent figures of the organization, including Essam el-Erriani and Abdel Moneim Abu al-Fotoh, to several years in prison. The regime's heavy hand over the Brotherhood eased after 2000 with short breaks of repression and imprisonments of several brothers particularly before elections.

As the Muslim Brothers increasingly took part in the legal venues of political participation the idea of establishing a Muslim Brotherhood Party has become ever popular among the ranks of the organization. Ma'mun al-Hudaybi stated in 1993: "We are prepared to operate within the realm of political party pluralism and the declaration of the Muslim Brotherhood Party."⁸⁶ In 1994 the Brotherhood released a document titled "Our Testimony", which includes the details of the MB's stance towards terrorism and violence, political pluralism, and human rights. In 1995 "Statement on Democracy" was released detailing the MB's support for a democratic political system. In 2004 the MB published a document titled "An Initiative for Reform," and in 2005, before the elections, they have published their Electoral Program, and recently the society has been preparing an official party program. All these official statements and documents signaled an increasing tendency within the organization to establish a Muslim Brotherhood Party.

The seeds of this idea were sown in the mid-1980s by the younger generation of professionals and bourgeois elements within the society who demanded moderation and democratization of the MB ideology. A decade of internal strife between the moderates and conservative old guard turned into an open conflict and reached its peak when some of the moderate voices in the society left the MB to establish the *Wasat Party* (Center Party) in 1996. Unlike the MB, the Wasat party drew a clear line between religion and politics and redefined the role of Islam in politics along cultural instead of religious lines.⁸⁷

Other moderate figures that did not join the Wasat remained within the ranks of the MB and continued their struggle for moderation and establishment of an MB party. Gradually the idea of having an MB party gained overall support even from the conservative old guard. However, significant divisions persist within the society as to the position of the party in issues pertaining to democracy, citizenship, minority and women's rights as well as the place of the MB party within the greater organization.

The conservative old guard perceived formation of an MB party as a way of securing the continued existence and activities of the society. In other words, a formal political party would prolong the existence of the MB within the new set of institutional constraints created by limited liberalization. Thus, they supported increasing politicization of the organization to adapt to the changing circumstances. Along these lines, the old guard wants the prospective MB Party to be an organic extension of the society of the Muslim Brothers. As such the party would be an arm of the MB active in politics while its other arms reach religion, business, education, and welfare provision. The leaders of the party would either be the supreme guide himself or would be determined by the old guard and naturally be accountable to them.

86 Quoted Sana Abed-Kotob, "The Accommodationists Speak: Goals and Strategies of the Muslim Brotherhood of Egypt," *International Journal of Middle East Studies*, 27(1995), p.328-9

87 For a detailed study of the Wasat Party see Joshua Stacher, "Post-Islamist Rumblings in Egypt: The Emergence of the Wasat Party", *The Middle East Journal*, 56 (2002): 415-432, and Carrie Wickham, "The Path to Moderation: Strategy and Learning in the Formation of the Egypt's Wasat Party", *Comparative Politics*, 32 (2004): 205-228.

Moderate Muslim Brothers, however, ask for an independent MB political party with no organic ties with the organization and has its own internal dynamic to set the rules and select its leaders. They thus demanded separation of the MB's religious functions as a proselytizing organization from its political activity. Such a separation would secure the independence of the party from the broader organization as well as democratization of membership by accepting women and non-Muslims who cannot join the MB society as it is. They have also introduced some critical concepts as citizenship, democracy, pluralism into the discourse of the MB through testimonies released successively in late 1990s and early 2000s. Conservative old guard, however, contested these concepts and remained skeptic about the new principles of citizenship, equality, and pluralism that the moderates advocate. The contradictory remarks of different MB leaders regarding democracy, rights of the Coptic minority, and women's status and rights illustrate the unresolved disputes and lack of consensus around democracy and pluralism among the Brothers.⁸⁸

As a result of this internal division the MB oscillates between democracy and fundamentalism, while it's perception of the Coptic minority and women clearly indicate the fact that the Brothers have not completed their transition from umma politics to citizenship politics. The political mental map that the MB uses to construct its polity still takes the male Muslim individual as its reference point. Egalitarian conception of citizenship devoid of religious and gender identities is absent in MB's understanding of democratic politics. That is why Copts and women are still perceived as secondary citizens who are subject to rules that are determined by male-Muslims, and thus neither Copts nor women can become president according to the Brothers. In other words, male Muslims are the more equal citizens of the MB's ideal state. And this reference is all but natural given that the MB society admits members on the same criteria of religion and gender. Therefore, for the MB democracy signifies a set of procedures that facilitate decision-making and election of the ruler (which remained a challenge for the Islamist political movements for so long) rather than a set of principles that encapsulate pluralism and equality of all citizens regardless of their gender and religious belief.

The tumultuous relationship between the MB and the state and the state's continuing dominance in the economy make it extremely costly for the devout bourgeoisie to establish ties with political Islam. Indeed members of devout bourgeoisie have already confirmed the risks: Owner of the Rayan Group, one of the chief Islamic investment companies, Ahmad Tawfik Abd al-Fatah, insisted that "the business of working with money requires stability, not continuous change or surprises, and certainly not getting into dangerous political games."⁸⁹ The fact that it is too costly to confront the state through political Islamic movements given the dependency of the bourgeoisie, secular and devout alike, on the state pushes members of the devout bourgeoisie to ally themselves with elements in the state apparatus and the official press. Indeed the devout bourgeoisie—like their secular counterparts—have taken steps to secure their ties with the state, which ultimately keeps the reigns of the economy in its hands. In their Islamic companies the devout bourgeoisie employed influential figures, who have close ties with the regime and who are at the same time critical to Islamic movements, including ex-ministers, governors, outspoken editors and journalists.⁹⁰

Few members of devout bourgeoisie, like the Sharif Group for Investments and Development run by Abd al-Latif al-Sharif, established close ties with the MB. Al-Sharif as a staunch member of the Muslim Brotherhood has supported the independent candidates of the Brothers in the elections.

88 For instance, while moderates like el-Erian or al-Fotoh claimed that the MB stand for equal rights for Copts and Muslims, former supreme guide Mustafa Mashur argued that the state should impose jizya, a special tax imposed on non-Muslims, on the Copts. In another occasion, former supreme guide Omar al-Tilmissani is reported to state: "I do not like to talk about women... I want nothing to do with modern theories and the equality of men and women... A woman who believes that she is equal to a man is a woman who has lost her femininity, virtue, and dignity." Quoted in Mona El-Ghobashy, "The Metamorphosis of the Egyptian Muslim Brothers," in *International Journal of Middle East Studies* 35 (2005), p. 382.

89 Quoted in Moore, p. 252

90 Ayubi, p. 193

Elements of devout bourgeoisie that own small and medium size enterprises have somewhat greater presence in the MB compared to big devout bourgeoisie. Khariat al-Shater has been a prominent member of the Brotherhood and often sided with the moderates to advocate the establishment of an independent, pluralist, democratic MB party.⁹¹ However, he has paid this involvement in politics with a high price along with some other businessmen within the ranks of the Brotherhood when the Mubarak regime clamped down the MB and imprisoned most of these businessmen including al-Shater in early 2007.

Apart from these names emerging devout bourgeoisie generally avoids connections with the Muslim Brothers. Not only for the political and economic risks that such a connection carries but also because the new bourgeois lifestyle is in conflict with the values of Islam preached and internalized by the MB. The rising values of the devout bourgeoisie of capitalist accumulation and consumption directly contradict the MB's vision of Islam based on humbleness and modesty. Therefore, the MB dubs the new devout bourgeois trend propagated by Amr Khaled as "air-conditioned Islam" (light Islam). As Haenni and Tammam assert the followers of air-conditioned Islam is closer to more democratic and liberal Wasat Party than they are to the Muslim Brotherhood,⁹² which still is unclear on issues of democracy, citizenship, and more importantly economic policy-making. The fact that there are five prominent businessmen in the board of the Wasat Party, which claims to represent devout bourgeoisie and middle class professionals,⁹³ is indicative of the moderate political tendencies of the devout bourgeoisie.

The way the Sadat and Mubarak regimes have carried out economic liberalization had significant implications for the devout bourgeoisie and its political preferences. First of all, the government designed and implemented economic liberalization such that the benefits of liberalization accrue predominantly to the big business. The small and medium size enterprises, unlike their Turkish counterparts, could not benefit from liberalization, which meant that the growth and expansion of devout bourgeoisie remained quite limited. Second, continued state dominance in the economy combined with ongoing confrontation with the Islamists, on the other hand, had significant consequences for the activity of devout bourgeoisie within political movements. Due to high costs associated with political Islamic activity many devout businessmen have preferred staying apolitical and creating their own bourgeois-Islamic culture (air-conditioned Islam) that does not cross with the Muslim Brotherhood's line. These segments of devout bourgeoisie stay closer to the moderate and less confrontational line of the Wasat Party rather than the fundamentalist MB. Despite all costs and risks associated with political Islamism there are in fact some businessmen, like Khairat al-Shater, who join the Muslim Brotherhood. Usually they ally with the moderates to support the establishment of an MB party. Nevertheless, they financially, politically, and psychologically suffer from state's repression, particularly after January 2007.

Devout bourgeoisie is highly fragmented in Egypt. The divided and apolitical nature of the devout bourgeoisie reduces the political effectiveness and weight of the business class within the political Islamic movements. Absence of a strong, assertive and organized devout bourgeoisie in Egypt contributes to the weakness of moderate Islamists like the Wasat Party on the one hand, while on the other, it prolongs the fragile and hesitant moderation within the Muslim Brotherhood where moderate voices remain weak and in minority vis-à-vis the old guard and conservative hard-liners.

In sum, small and dependent devout bourgeoisie remained limited in scope, power, and effectiveness in determining the course and nature of political Islamic ideology in the mainstream movements leaving few yet important reformers without support against the dominant conservative forces. This is why mainstream political Islamic movement in Egypt remains less democratic and

91 Khairat el-Shater, "No need to be afraid of us", *The Guardian*, November 23, 2005.

92 Haenni and Tammam, Egypt's Air-Conditioned Islam, *Le Monde Diplomatique*, September 2003

93 Personal interview with the leader of the Wasat Party, Abu ala Al-Madi, July 11, 2007.

liberal compared to its counterpart in Turkey, and also why moderate faction within Egyptian political Islam (the Wasat Party) remains marginal and weak as opposed to the more prominent Muslim Brotherhood.

Conclusion

Economic liberalization in many developing countries meant greater integration with the international markets as well as infiltration of the global consumer culture into their societies. The way Turkey and Egypt implemented economic liberalization generated different effects on their devout constituencies. A comprehensive economic liberalization accompanied by an export drive facilitated the growth of devout entrepreneurs in Turkey. A more controlled liberalization in Egypt prevented a similar expansion in this country. Nevertheless, regardless of their size and economic strength devout upper classes both in Turkey and Egypt underwent a significant transformation in their lifestyles and consumption patterns, labeled embourgeoisment in this paper. This process encouraged devout upper classes to rearticulate their perceptions of wealth and consumption as well as their political preferences. This rearticulation has not led to the withering away of religion from the life of devout bourgeoisie, as the modernizationists would expect. Rather the devout bourgeoisie synthesized their religious beliefs and practices with their new economic and political preferences. Despite these similarities between Egypt and Turkey, Turkish devout bourgeoisie is more expansive and better organized compared to its Egyptian counterpart. This is why Turkish devout entrepreneurs proved to be more assertive, determinative and significant in the transformation of the political Islamic tradition in Turkey than Egyptian devout bourgeoisie has been in the course of political Islamic movements in Egypt.

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