

Devout Neoliberalism?! Explaining Egypt’s Muslim Brotherhood’s Socio-economic Perspective and Policies

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Abstract: How can we explain the neoliberal orientation of Islamist movements in the Middle East? This paper attempts to answer this question by exploring the case of the Muslim Brotherhood in Egypt. It analyzes in depth the Brotherhood’s socio-economic vision and policies when it was in power between 2012 and 2013. It argues that the Brotherhood adopted a market-oriented vision, which encouraged the private sector, liberalized the economy, and appealed to foreign investments. As a socio-political movement, the Brotherhood attempted to strike a balance between its constituency, which is rooted in the lower, middle, and upper-middle classes, and its commitment to neoliberal policies. However, this paradoxical balance burdened the movement and affected its popularity. The article also contends that the Brotherhood’s neoliberal leanings can be explained by three key factors: the movement’s pragmatism, its “devout” bourgeoisie, and the appeal for international acceptance and recognition.

INTRODUCTION

The rise of Islamists in the wake of the Arab Spring was remarkable. Islamist groups and parties have played a key role in shaping the Middle East polity after the removal of the longstanding despots and dictators in Egypt, Tunisia, Libya, and Yemen. They took power in major Arab countries such as Egypt and became influential actors elsewhere in the region from Yemen to Morocco. However, the rise of Islamists did not occur without problems and challenges. Islamists who replaced authoritarian regimes had to provide practical answers and solutions to the longstanding socio-economic

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woes such as poverty, unemployment, corruption, social injustice, and poor governance. These problems forced Islamists to leave their ideological “comfort zone” and to engage with everyday life challenges and problems.

This article explores the socio-economic perspective and policies of Egypt’s Muslim Brotherhood between 2012 and 2013. It argues that despite the social makeup of the Brotherhood, which is historically rooted in low- and lower-middle classes, the movement adopted a market-oriented vision, which encourages the private sector, liberalized the economy, and appealed to foreign investments. As a socio-political movement, the Brotherhood attempted to strike a balance between its constituency and its commitment to neoliberal policies. However, this paradoxical balance burdened the movement and affected its popularity. The article also contends that the Brotherhood’s neoliberal leanings can be explained by three key factors: the movement’s pragmatism, its “devout” bourgeoisie, and the appeal for international acceptance and recognition. As the article shows, after taking power in 2012, the Brotherhood struggled to adopt competent and effective governance policies. The movement did not have a clear vision on how to deal with Egypt’s chronic problems and lacked a coherent socio-economic strategy. These policies, or lack thereof, have alienated the Egyptian public and contributed to the fall of the Brotherhood in 2013. Even among its followers, the Brotherhood lost some of its appeal and support.

The article proceeds as follows: the first section provides a historical overview on the impact of neoliberal policies on Arab societies before the Arab Spring and how they contributed to the cascade of revolts and uprisings of 2011. The second section highlights Islamists’ economic vision and the shift from Islamic socialism into neoliberalism. The third section explores the socio-economic vision of the Muslim Brotherhood and how it evolved over the past decades. The fourth section examines the Brotherhood’s socio-economic policies after taking power in 2012. The fifth section explains why the Brotherhood was inclined to adopt neoliberal policies while in power and draw. Finally, the article draws some theoretical conclusions that can foster scholarship on Islamists’ socio-economic perspective and policies.

NEOLIBERALISM IN THE MIDDLE EAST: A BRIEF BACKGROUND

Neoliberal policies have shaped the political, social, and economic development of the Middle East over the past decades (Handoussa 1997; Saad-Filho and Johnston 2005; Guazzone and Pioppi 2009). In order to solve

social and economic problems, several governments in the region embraced the recipe of WA Consensus institutions. Structural adjustment programs, which include privatization of the public sector, liberalizing markets, financial deregulation, and reducing public spending, were crucial mechanisms in Egypt, Tunisia, Morocco, and Jordan among others to address economic woes. However, these programs worsened socio-economic conditions in these countries for the majority of the population and engendered significant social and economic grievances. In short, they also failed to address key problems such as poverty, income inequality, unjust distribution of wealth, and unemployment (Saad-Filho and Johnston 2005, 115; Achcar, 2013). As David Harvey explains:

“The process of neoliberalization has, however, entailed much ‘creative destruction’, not only of prior institutional frameworks and powers (even challenging traditional forms of state sovereignty) but also of divisions of labour, social relations, welfare provisions, technological mixes, ways of life and thought, reproductive activities, attachments to the land and habits of the heart” (Harvey 2005, 13).

This “creative destruction” led to major class cleavages and solidified “crony capitalism,” which allied with autocratic regimes and prevented political change in the region in recent decades (El-said and Harrigan 2014). The interests of these parties have intertwined to the extent that businessmen were appointed as technocratic ministers and ran for public office in several Arab countries such as Egypt, Tunisia, Jordan, and Syria. The marriage of convenience between politicians and businessmen has perpetuated an unjust socio-economic order for decades. As Angela Joya points out:

“The experience of neoliberalism in the MENA region, however, resulted in a ‘crony capitalism’ where politically connected actors benefited from the privatization of public assets and the deregulation of economic sectors, while workers experienced wage stagnation and rising unemployment” (Joya 2017, 343).

Ironically, the neoliberal policies of autocratic regimes such as Ben Ali’s Tunisia and Mubarak’s Egypt were praised by the World Bank and the International Monetary Fund (IMF) only a few months before the Arab Spring started (Bogaert 2013). Several scholars and analysts have attributed the uprisings of the Arab Spring to these neoliberal policies (Achcar 2013; Bogaert 2013; Allinson 2015; Hanieh 2015). Bogaert

(2013, 214) notes, “the (still ongoing) uprisings are not just a revolt against authoritarian regimes but also expressions of a systemic crisis, a structural crisis of the social order of neoliberal globalization.” The uprisings of 2011 were a culmination of decades of political regimes’ failures in addressing citizens’ political and economic needs. The decade leading up to the Arab Spring witnessed unprecedented discontent and public dissatisfaction against governments’ economic and social policies, particularly privatization, reduction in subsidized services and goods, and liberalization of the financial sector, which led to inflation and increased poverty. Therefore, it is unsurprising that several Arab countries such as Egypt, Tunisia, Morocco, Jordan, Bahrain, and Yemen experienced different cycles of protests, workers’ strikes, and professional sit-ins, which in turn ushered in new forms of street politics and contentious rebellious social movements that paved the way for the Arab Spring (Joya 2011; Abdelrahman 2012). These movements capitalized on growing public discontent and called for marches, political rallies, massive protests, and workers’ sit-ins, which resulted in historic upheavals and revolutions that swept the region and toppled some of the region’s most entrenched autocratic regimes.

Islamists, such as other rest of Arab population, were affected by the consequences of neoliberal policies. Rooted in low and lower-middle classes, they paid the cost of economic liberalization, increasing taxes, and cuts to public spending. In addition, authoritarian regimes brutally excluded and repressed Islamists for decades. Therefore, it was not a surprise when Islamists joined the protests against autocratic regimes in Tunisia, Egypt, Libya, and Yemen alongside other political forces.¹ In Egypt, the young members of the Brotherhood, unlike their leaders, participated in the Egyptian uprising of 2011 from its outset, forcing the movement’s leadership to later join in the uprising. Many of these Muslim Brothers were fresh university graduates who struggled to find jobs and suffered from the Mubarak’s regime political exclusion and suppression. Even before the uprising, the Brotherhood had allied with secular and liberal forces against the Mubarak regime. They operated under different umbrellas, but the most notable was the “*Kefaya* Movement,” which was originally formed in 2004 by leftists, moderate Islamists, and nationalists (Browsers 2009; El-Mahdi 2009).

When the ashes of the Arab Spring settled, Islamists were the big winners. After decades of marginalization and suppression, they became the most influential players in the “new” Middle East, as they took power in Egypt, Tunisia, and Morocco (Al-Anani 2012, 466). The

performance of Islamists in power has varied greatly due to a number of factors, such as ideological differences, governance experience, and regional and international support. Thus, while Islamists succeeded in maintaining power in Morocco and Tunisia, they failed in Egypt and Libya. However, when it comes to socio-economic issues, Islamists' performance was almost the same across the region: they struggled to adopt policies that would alleviate poverty, fight corruption, and achieve greater social justice. Moreover, as this article shows, Islamists adopted neoliberal policies and deepened their reliance on WA Consensus institutions, which exacerbated the socio-economic problems that brought them to power in the first place. It should be noted though that Islamists' embrace of neoliberalism did not occur in 2011, but took place over time and was shaped by the socio-economic changes that characterized the region since the 1970s.

ISLAMISTS' JOURNEY FROM ISLAMIC SOCIALISM TO NEOLIBERALISM

As the contributions to this symposium make clear, Islamist parties and groups admire neoliberalism. A comprehensive review of their economic views and policies reveals a constant tendency to adopt neoliberal stances on economic issues (Tuğal 2009; 2012). From Turkey to Morocco, Islamists have strived to emphasize that Islam is compatible with democracy and modernity (Bayat 2007, Yalmiz 2011), prompting them to alter their political, social, and economic platforms to gain recognition and acceptance. Over the past few decades, several Islamist groups have altered their economic philosophy from a state-oriented approach to a market-oriented focus (Tuğal 2009; Gumuscu 2010).

Islamists' embrace of neoliberalism did not happen suddenly. It took them time to shift from socialism to neoliberalism. Historically, Islamists, particularly the Brotherhood-type movements, favored socialism over capitalism, deeming it the closest ideology to Islamic teachings. Islamists' leaders and ideologues were first to carve out and propagate the term "Islamic socialism" (*Al-ishtrakiyya Al-Islamiyya*) in the 1950s and 1960s. Mustafa Al-Siba'i, the founder of the Syrian Muslim Brotherhood,² wrote a whole book titled "*ishtrakiyat al-islam*" (Socialism of Islam). In it, he defended socialism and called for its implementation in Muslim countries. He believed that socialism could resolve Muslims' political, social, and economic problems (al-Siba'i 1960, 11).

However, it is important to note that it was not only Islamists who claimed a connection with socialist policies. Nationalist and secularist leaders such as Gamal Abdel Nasser, Mummar Ghaddafi, and Saddam Hussein adopted the same vision too.

The turn toward neoliberalism began in the late 1970s and 1980s with Sadat's open-door policy (*infitah*), which led to economic liberalization and encouraged a market-oriented economy to emerge and flourish. In addition, the migration of professionals and workers to the oil-rich Gulf countries, coupled with the success of the Iranian Revolution, created a religious-based economy that brought Islamic business and finance institutions into existence.³ Islamist ideologues and thinkers began shunning socialism, as they emphasized that it is not compatible with Islamic principles, which encourage private ownership. Islamists began to alter their social and economic perspective from a socialist-based economy where the state controls the market to a capitalist economy where profits control the market. The oil boom of the early 1980s created a new lifestyle that promoted individualism and consumerism. By the late 1980 and the beginning of the 1990s, and with governments' adoption of the World Bank and IMF's economic reforms, Islamists' business and economics flourished and a new Islamic elite emerged. Free trade in global markets attracted this growing Islamist elites and they invested heavily in the banking and financial sectors.

Furthermore, a process of Islamization of the economy from above spread across the Muslim world from Malaysia to Iran and from Saudi Arabia to Morocco, with the attempt to boost Islamic morals and values in everyday life. Competing with Islamists for legitimacy, governments in countries like Pakistan, Malaysia, Sudan, and Saudi Arabia started a top-down process of Islamizing their societies, economies, and public life (Kuran 2004, 1). In other countries, and for different reasons, governments allowed Islamists to flourish, propagate their ideologies, and expand their social networks, although they continued to deprive them of effective political participation. In Egypt, for example, as the Mubarak regime was fighting radical and violent Islamist groups during the 1980s and 1990s, it allowed the Muslim Brotherhood to increase its political and social clout. The movement seized the opportunity to recruit new members, particularly young men and women from the middle class, enhanced its political presence, and dominated the religious sphere. By the end of the 1990s, religiosity became pervasive not only among lower and middle classes, but also among the youth of the upper-middle and upper classes. This transformation enhanced Islamists' ability to promote a new type of

Islam that combined piety with openness, rituals with individual freedom, and charity with private ownership. This phenomenon would be called later “post-Islamism” (Bayat 2007). This new trend of Islamism, in some cases such as in Turkey, Tunisia, Morocco, and Egypt, was intertwined with neoliberalism and adopted a more market and capitalist-oriented vision. This led to what Atia (2012) calls “pious liberalism,” which according to her a “discursive combination of religion and economic rationale in a manner that encourages individuals to be proactive and entrepreneurial in the interest of furthering their relationship with God” (Atia 2012, 136). In fact, some scholars argue that the phenomenon of new preachers such as Amr Khaled and Moez Masoud is the most visible product of Islamists’ neoliberalism. New Islamists’ discourse, appearance, and life-styles embodied the marriage of religiosity and neoliberalism (Haenni 2005, 12). According to Sika, the wave of new preachers reflects the emergence of a new religious identity in Egypt, particularly among the youth (Sika 2012). This new identity represents the “compatibility between business and piety that is not specific to any religion, but rather is a result of the ways in which religion and economy interact in the contemporary moment” (Atia 2013, xvi).

THE MUSLIM BROTHERHOOD’S SOCIO-ECONOMIC VISION

Historically, the Brotherhood adopted a religious-based economic vision that corresponds with its ideological and preaching character. Hasan al-Banna, the founder and chief ideologue of the Brotherhood, defined it, among other things, as an “economic entity” (Al-Banna 1999). He also encouraged his followers to abide by Islamic teachings and morals in their economic activities and transactions, and to avoid prohibited economic and financial practices such as usury (*riba*) (Al-Banna 1999). To maintain its preaching, social, and political activities, the Brotherhood encouraged individual ownership and the founding of private companies. Therefore, it established a robust economic presence in several sectors since its inception, such as construction, textile, and furniture.⁴ These activities can be seen as a preliminary indicator of the Brotherhood’s pro-free market tendency. However, with the spread and appeal of socialism during the 1950s and 1960s, the Brotherhood’s original economic ideas were affected.

During the 1970s and 1980s, the Brotherhood’s economic and financial activities expanded as a result of political and economic liberalization in Egypt. According to Görmüş (2016), the Brotherhood supported Sadat’s

economic opening and considered it “a way of dismantling Nasser’s legacy of the state domination of the economy and social affairs, and the Islamization of the economy.” The Brotherhood’s support for Sadat’s economic liberalization was rooted in pragmatism, seizing opportunities to expand its business and financial capabilities. During the 1980s and 1990s, the Brotherhood established several companies, including small and medium enterprises (SMEs) in a diverse range of sectors such as the finance and banking sector, furniture, computers, real estate, clothing, and food industries. Furthermore, the Brotherhood benefited greatly from the imposition of World Bank and IMF conditions on Egypt since the late 1980s. Not only did the movement use these conditions and their social costs to discredit the Mubarak regime and emphasize the regime’s inability to create jobs and provide basic social needs particularly to the poor, it also capitalized on them to expand its social service provision activities (Clark 2004; Brooke 2017). The Brotherhood criticized corruption and lack of social justice under the Mubarak regime. For example, in one of its statements in 2008, the movement criticized the marriage between business and politics, which led to “widespread corruption, economic monopoly, and the lack of public services such as public schools and hospitals” (Ikhwanonline 2008). Ostensibly, the Brotherhood’s rhetoric was against Mubarak’s neoliberal policies. However, these same policies helped to create a new generation of businessmen within the Brotherhood, such as Khairat al-Shater, the business tycoon and former Deputy of the General Guide, Hasan Malek, and Youssef Nada, whose wealth and financial assets grew massively (Al-Majalla 2010). These businessmen would become responsible for the Brotherhood’s economic vision and policy after the uprising of 2011.

The Brotherhood’s neoliberal inclinations became conspicuous in 2004 when the movement issued a new initiative for what it called “comprehensive reform” in Egypt. This reform agenda encompasses political, social, and economical aspects of life. On the economic section of the initiative, the movement stressed economic freedom and the central role of individuals in generating income and achieving prosperity. The initiative states:

“We encourage private sector through a well-studied program of privatization which can justly evaluate public projects which can protect workers’ rights...we believe in collaboration with the world which should be based on liberalizing trade and economic openness” (Al-Jazeera 2004).

This initiative became the foundation of the Brotherhood's political platform in the following years. For example, the movement's candidates in the 2005 parliamentary elections adopted the same views on economic and social reform with minor adjustments (Al-Anani 2007) and the Brotherhood's 2007 political party platform was based on the same initiative. Despite the platform's criticism of Mubarak's privatization policies, it stressed the role of the private sector in achieving development in market-oriented economies (ikhwanwiki n.d). Strikingly, the Brotherhood's economic platform was not so different from the one the Mubarak regime adopted, as it called for liberalizing the economy, encouraging foreign direct investments (FDI), enhancing the private sector, and diminishing the size of the public sector. As Abdelhamid El-Ghazali, Professor of Economics at Cairo University and former member of the Brotherhood's Guidance Bureau puts it, "there is not much difference between our program and that of other political forces" (Zayed 2008). Furthermore, after the uprising of 2011, the Brotherhood's Freedom and Justice Party (FJP) adopted a similar economic vision which supports free market, stimulates private sector, and encourages the FDI. When Mohamed Morsi, the Chairman of the FJP, ran for the presidential elections in 2012, his electoral campaign embraced the FJP's platform under the guise of what was called the *Al-Nahda* (Renaissance) project. The project was an amended version of the "comprehensive reform" initiative of the Brotherhood. The Renaissance Project was designed and led by Khairat al-Shater, the Brotherhood's business tycoon, which can explain the market-oriented outlook of Morsi's presidential platform (Habibi 2012, 5). Therefore, after winning the presidential elections in 2012, Morsi was faced with unprecedented socio-economic challenges, ranging from endemic corruption and inept bureaucracy to significant budget deficit and high unemployment rates. His government began to look for financial support from abroad to meet these challenges. Besides loans from its Arab neighbors such as Qatar, Saudi Arabia, Libya, as well as from Turkey, Morsi's government had to adopt the IMF and the World Bank's economic reform prescriptions in order to receive more loans and improve the economy.

However, it should be noted that the Brotherhood's neoliberal view suffers from several contradictions. For instance, while the Brotherhood vehemently criticizes the retreat of the state from its social and economic roles, it does not call for state intervention. Instead it encourages the private sector to play these roles (Al-Jazeera 2004). Also, according to the Brotherhood, social justice can be achieved not through redistribution of wealth, but primarily through charity and social provision associations

(Abulmagd 2012). The same for poverty alleviation, which does not need state intervention, but private charity. Accordingly, the Brotherhood—as a charitable association—established hundreds of hospitals, charity organizations, and schools to fill the vacuum the state had left in the health, education, and public service sectors. For the movement, *zakah*⁵ and *sadaqah*⁶ are the best ways to achieve social justice and equity between the poor and the rich. It is thus no surprise that the Brotherhood relied significantly on both *zakah* and *sadaqah* in financing and sustaining its social activities (Al-Anani 2007). Finally, whereas the Brotherhood criticized the political ascendance of Mubarak’s son, Gamal Mubarak, who adopted an aggressive neoliberal agenda and brought to power several businessmen such as steel tycoon Ahmed Ezz, Rashid Mohammed Rashid, and Ahmed El-Maghraby (Roll 2010), its businessmen, such as al-Shater and Malek, were among the beneficiaries of that agenda. Finally, while the Brotherhood claims to defend Islamic values such as social justice, equality, and alleviating poverty, its neoliberal views seek an opposite course. These contradictions affected the Brotherhood’s policies after taking power and alienated many of its supporters as the paper shows in the following section.

THE BROTHERHOOD’S NEOLIBERALISM IN PRACTICE

After the uprising of 2011, the Brotherhood ascended to power for the first time in Egypt’s history, establishing the FJP as its political arm. The FJP’s socio-economic platform was remarkably market-oriented. It embraced economic freedom, market competition, and called for decreasing public spending. According to Khattab (2012),⁷ the FJP “believes that a market economy that is based on free and fair competition is the right mechanism to achieve development and to raise the economic well-being of citizens.” The FJP’s outlook also emphasized the role of domestic and foreign investments in supporting the Egyptian economy by creating jobs, strengthening the manufacturing sector, and achieving development. According to Hasan Malek, “manufacturing, a trained labor force and enabling the private sector are the solution to Egypt’s economic slump”. A few months after the uprising, Khairat al-Shater stated that the Brotherhood believes in “‘a very, very big role for the private sector’ seeking to attract ‘as much investment as possible’ and direct that investment to industry, agriculture and information technology” (Fam and Reed 2011). Al-Shater was also keen not to alienate foreign investors, and he

publicly endorsed free markets, deregulation and other neoliberal policies. In an interview with the Daily News Egypt, al-Shater outlined his neoliberal views as follows:

“It’s very important within the current gap we are facing now, to depend on local, Arab and foreign investments in development program. Some people with ideological agendas might ask, ‘Engineer Khairat supports privatization and private sector?’ I say there is no other choice for Egyptians except to focus on financing a great deal of development projects outside of the state budgets” (Al Desoukie 2012).

Moreover, the FJP attempted to dispel investors’ fears about its economic agenda and highlighted its market-oriented nature. As Joya (2017, 348) explains, “the FJP went out of their way to demonstrate their pro-free market credentials, organizing meetings with foreign investors and western governments to insist that Islam and capitalism were compatible. The FJP adamantly supported the ‘free’ market, advocating economic freedom, competitiveness and private sector-led development.”

Therefore, a few months after Morsi took office, his government started negotiations with the IMF. During a visit of the IMF’s managing director, Christine Lagarde, the government announced it formally requested \$4.8 billion in the IMF loans. For the following months, both parties began negotiating the terms and conditions of the loan, which revolved around Egypt’s ability to reduce its budget deficit, trimming the public sector, and diminishing subsidized services and goods, particularly fuel and food. As Görmüş (2016, 68) underlines, “the Morsi government accepted the outlook of the IMF which required further privatization and competition along with higher prices for consumer goods, new sales taxes and decreases in the number of state employees.” Furthermore, the Brotherhood and Salafi MPs endorsed the negotiations with the IMF for the \$4.8 billion loan. The Egyptian newspaper Al-Youm (2012) reported that a Brotherhood’s figure urged Al-Azhar, a highly respected religious institution in the Sunni world, to issue a *fatwa* on “the permissibility of the International Monetary Fund (IMF) loan in order to aid President Mohamed Morsi.” In the past, the Brotherhood considered loans as usury and campaigned for their prohibition. However, after taking power, the movement shifted its discourse and strategy to justify and endorse loans.

At the beginning of the negotiations between the Morsi’s government and the IMF’s team, both parties failed to reach an agreement. Morsi

was reluctant to adopt policies that would fuel social unrest and create more political instability and the IMF would not accept anything other than full and firm embrace of its reform conditions and policies. However, in November 20, 2012, a tentative deal was accepted by both parties; specifically, “a staff-level agreement on a 22-month Stand-By Arrangement (SBA) in the amount of about US\$4.8 billion” (IMF 2012). The Egyptian government agreed to abide by the IMF’s fiscal and economic reforms in order to secure the loan. The Brotherhood, the FJP, and Morsi provided the IMF’s team with a plan on how to adopt its policies. According to the IMF’s press release, the plan aimed to “to reduce wasteful expenditures, including by reforming energy subsidies and better targeting them to vulnerable groups” (IMF 2012). It also sought to “raise revenues through tax reforms, including by increasing the progressivity of income taxation and by broadening the general sales tax (GST) to become a full-fledged value added tax (VAT)” (Ibid).

During his year in power, Morsi’s socio-economic policies were not significantly different from the ones the Mubarak regime had adopted. As Joya (2017, 3,448) aptly puts it, “the Brotherhood and the FJP interpreted the revolution as a reaction not to neoliberalism, but rather to years of corruption and political monopoly by Mubarak and his cronies. From this perspective, the problem resided not in neoliberalism as a model but in a corrupted implementation of neoliberalism.” In fact, Morsi and the Brotherhood could not make a significant shift from Mubarak’s neoliberalism which deepened Egypt’s economic problems. For example, when Morsi took power, the budget deficit was approximately 11% of the gross domestic product (GDP) and public debt rose from 73% of GDP in 2010 to 80% in 2012. Since the uprising of 2011, Egypt witnessed a systematic capital outflow and by the end of March 2011, more than \$10 billion fled the country. According to the IMF statistics, foreign exchange reserves fell from \$34 billion in the fourth quarter of 2010 to \$12 billion in 2012. Capital outflow reduced demand for Egypt’s currency (Egyptian pound), which led the currency to depreciate (Nelsen and Sharp 2013, 4). Also, the fall in foreign investments and tourism revenues affected economic growth, which dropped by approximately 3% during Morsi’s rule, leading to a devaluation of the Egyptian pound, an increase in food prices, higher unemployment, and a shortage of fuel and cooking gas (Wight 2013). The neoliberal vision and incompetence of Morsi’s government worsened the economic situation and increased social tensions, ultimately resulting in Morsi’s removal from power in July 2013. As Wight (2013) explains, “the irony is that even

though Morsi's government had tried to protect Egypt's poor from the austerity demands of the IMF, global economic factors ensured that their plight—rising prices, shortages, and deepening poverty—grew steadily worse under its leadership.” Therefore, understanding the reasons behind the Brotherhood's adoption of neoliberal policies is crucial to explain their performance in power and how it ended.

EXPLAINING THE BROTHERHOOD'S NEOLIBERALISM

The question of why the Brotherhood embraces a neoliberal vision and policies is paramount. Three key reasons can explain this orientation: the Brotherhood's pragmatism, the movement's bourgeoisie elite, and the quest for international acceptance. The Brotherhood's elastic and sometimes ambiguous ideology provides the flexibility to shift its position on political, economic, and social matters, enabling the movement to find religious vindication in its positions. As explained earlier, during the 1950s and 1960s, when socialism was a popular ideology, the Brotherhood's ideologues and thinkers praised it and deemed it the closest ideology to Islam. Shaikh Mohammed El-Ghazali, a former Brotherhood's member and one of the most influential Islamic figures, points out that Islam cares about social justice through benevolence and charity and, at the same time, it encourages private and individual ownership. He states that “Islam is the best indicator of democratic socialism on earth” (El-Ghazali 2005, 23). However, when the Brotherhood clashed with the Nasser regime, which had its version of socialism blended with Nasserism, the Brotherhood's ideologues started to attack socialism and criticized its “materialistic” character, support of dictatorship, and more importantly its animosity toward religion (Al-Banna 2005). The Brotherhood's return to political life in the 1970s coincided with the emergence of neoliberal views and policies around the world. Therefore, when Sadat embraced these views, the Brotherhood supported him. It was a political bargain whereby the Brotherhood would benefit from Sadat's political liberalization by backing and supporting his socio-economic policies. For example, when Egyptians protested against the increase of food prices in 1977 (the so-called “bread uprising”), the Brotherhood sided with the Sadat regime.⁸ According to Alaa Awad, a leftist activist, the Brotherhood's leaders criticized protesters and blamed them for creating trouble. They also accused communists for planning the protests as part of a “communist conspiracy” against the state (Awad 2012). During the

Mubarak era, neoliberalism became the dominant economic policy, and the Brotherhood benefited both politically and socially. As explained earlier, the state's retreat from social and economic activities as part of its commitment toward the IMF and World Bank created a vacuum that could only be filled by a massive social movement with potent organizational capabilities and enormous financial resources such as the Brotherhood. The Brotherhood succeeded in enhancing its social and political clout by providing support to the "victims" of neoliberalism. It presented itself as the caretaker of the poor in the absence of the state. For example, after the earthquake of 1992, the Brotherhood was the first organization to step in, even before the state, to support those who were affected. Whether the Brotherhood acted out of its religious commitment or as a political opportunist, the truth is that the movement's quick response revealed not only its organizational capabilities, but also its political and pragmatic instinct.

Furthermore, the Brotherhood's bourgeoisie elite played a key role in explaining its neoliberal orientation. This elite has accumulated wealth and gained influence over the past four decades. The socio-economic transformations Sadat's *infitah* policy brought about and his successor's continuation of those policies played a chief role in reinforcing the Brotherhood's neoliberal leanings. These transformations reshaped the structure of power within the Brotherhood where a new generation of leadership emerged and would lead the movement in the following decades (Wickham 2013, Al-Anani 2016). Despite the fact that Egypt, for structural reasons, did not have an independent and strong Islamic bourgeoisie Turkey (Gumuscu 2010, 835), the Brotherhood developed its own type of "devout" bourgeoisie among its rank-and-file. As an illegal and clandestine movement operating in a highly repressive environment, the Brotherhood's financial resources are (were) under the control of a small group of "devout" and "trusted" people. This *ikhwani* bourgeoisie acted as the "guardian" of the Brotherhood's financial assets, which were largely invested in SMEs in different sectors. It also created a parallel and informal "Islamic economy" that combines religious and market values and is far from state control (Utvik 2006). Figures such as Khairat al-Shater, Hasan Malek, and Youssef Nada have accumulated significant wealth since the 1990s and became influential leaders within the movement. While the Brotherhood always declares it has no investments, there is a widespread belief that these leaders are investing the Brotherhood's money.

The Brotherhood's bourgeoisie became visible after the uprising of 2011. In March 2012, a group of Brotherhood's businessmen led by

business tycoon Hasan Malek established the movement's first business association, named the Egyptian Business Development Association (EBDA). It was an attempt the Brotherhood made to replicate the Turkish Islamists' business MÜSIAD. According to Malek, the objective of EBDA, whose acronym means "start" in Arabic, is to change the "unequal distribution of opportunity ... in the new Egypt". According to Görmüş (2016, 69), EBDA stated on its website that its mission is to "enable businessmen to contribute effectively in boosting the Egyptian economy by attracting and encouraging investment, human development and developmental solutions along with the participation in decision making and economic legislation." While some of the businessmen of the Mubarak era were reluctant in the beginning to join EBDA because of its ties to the Brotherhood, approximately 400 companies did so after Morsi took power and another 1,000 were waiting to join. Among those who joined EBDA were Mohamed Farid Khamis (Oriental Weavers) and the cable producer Ahmed el-Sewedy (El Sewedy Cables) (Görmüş 2016, 69). The Brotherhood's bourgeoisie focused on SMEs particularly in the manufacturing sector. According to Malek, "manufacturing, a trained labor force and enabling the private sector are the solution to the Egypt's economic slump" (Awad 2011).

Finally, the Brotherhood appealed to the international community for recognition and acceptance. Since the uprising of 2011, the Brotherhood was keen to disprove any negative views or stereotypes about its political and economic stances. It also strived to present itself as a force of religious and political moderation the world could do business with. Adopting neo-liberal policies would show how much the movement was connected and engaged with the global financial and commercial order. The Brotherhood's businessmen, much like their counterparts in the Arab world or in Turkey, appealed to foreign investors to pour money and investments in their countries. Moreover, after the Arab Spring, Islamists attempted to "alleviate the concerns of business communities in their respective countries, who were worried about Islamists imposing radical and anti-business economic policies" (Habibi 2012, 5). After the January uprising, the Brotherhood reached out to the business community and investors inside and outside Egypt. According to the Bloomberg News agency, Al-Shater met with around "fourteen managers of foreign institutional funds based in the U.S., the U.K., Africa, and the Middle East" (Hansen 2012). When he ran in the 2012 presidential elections, Al-Shater met with different American officials and assured them, "if he is to win the election, he would ensure a growth of foreign and private

investments in Egypt” (Al Desoukie 2012). Furthermore, President Morsi’s first foreign trip outside the Middle East after taking power was to China, the world’s biggest exporter. A key objective of that trip was to attract more Chinese investments to Egypt and gain economic support. Around 80 Egyptian businessmen accompanied Morsi on that trip (Bardsley 2012).

The Brotherhood’s adoption of neoliberal policies has alienated many Egyptians including the movement’s supporters. According to different reports, Egypt witnessed several social and economic protests as a result of the Brotherhood’s economic policies. For example, Morsi’s government borrowed around \$11 billion which raised the external debt from \$34.4 to \$45.4 billion (Bayoumi 2013). Furthermore, according to a Gallup survey that was conducted after Morsi’s election in 2012 shows that around 41% of the Brotherhood’s FJP believe that economic problems such as unemployment and wages are key challenges to Morsi’s government (Younis 2012). The Brotherhood’s supports were torn between their ideological commitment to the movement and their socio-economic conditions. According to Wael Gamal, an Egyptian economist and commentator, the Brotherhood could not resolve this contradiction. As he puts it:

“Islamic political movements have rarely been anticapitalist or hostile to market economics, even in their most radical manifestations. Because they claim to represent the whole of society, they refrain from approaches that would highlight social class differences or social conflict. This playing down of social antagonisms historically allowed the Muslim Brotherhood to appeal to groups with contradictory interests. This, in turn, made it possible for the organization to attract a diverse membership—with middle-class professionals tending to dominate its senior ranks—while sustaining an elusive economic vision by altering its economic approach and rhetoric according to need” (Gamal 2019, 2).

CONCLUSION

Islamist parties’ affinity with neoliberalism should not come as a surprise. At a glance, Islamists can be viewed as a subject and agent of neoliberalism. On the one hand, they represent those citizens most significantly and negatively impacted by the neoliberal policies implemented in their respective countries. On the other hand, however, their leaders lean toward adopting neoliberal views, particularly when they are in power,

which puts them in a paradoxical and odd position with their constituency. The case of Egypt's Brotherhood underscores the ability of Islamists to adjust their ideological position to cope with socio-economic changes. Since its inception, the Brotherhood has shifted between different economic philosophies, i.e., socialism, capitalism, neoliberalism, and each time justified its position through religious rationale. Over the past three decades, the Brotherhood found no problem in fusing Islam with market values to create a "devout" version of neoliberalism. As Osama Farid Abdel Khaliq, a businessman with close ties with the Brotherhood puts it, "we believe in mixing ethics and values in economic, social, and political reforms" (Daragahi 2012).

Moreover, the adoption of neoliberalism served the Brotherhood's political agenda domestically and internationally. This reflects the Brotherhood's pragmatism, which distinguishes it from other Islamist groups that adopt a dogmatic and rigid ideology such as the Salafis. While in opposition, the Brotherhood would use the shortcomings of neoliberalism to discredit regimes and expand its popularity among the low and middle classes. However, after taking power, it embraced neoliberal policies under the guise of religion. The *ikhwani* bourgeoisie was powerful enough to demarcate the movement's neoliberal vision and put it into action. For them, neoliberalism is the vehicle that connects the Brotherhood with the outside world and the global economy.

While the Brotherhood's economic agenda may be expected to side with the poor and the lower class, at least from a clientelist perspective, it adopted policies that benefited the rich and maximized their profits. Like their liberal and secular counterparts, the Brotherhood's businessmen are gripped by market forces and entangled with their financial and profitable mechanisms, which puts them at odds with their constituency.

NOTES

1. Islamist movements did not spark the uprisings, but young members of these movements vigorously participated in the protests against the autocratic regimes in Egypt, Libya, Yemen, and Syria.

2. Interestingly, al-Siba'i formed a political coalition of socialist and leftist groups under the name of the Islamic Socialist Front which contested the elections in mid-1950s.

3. The first Islamic bank, Islamic Development Bank (IDB), was founded in Saudi Arabia in the mid-1970s and was welcomed by many Muslim economists and it played an important role in the emergence of the so-called "Islamic finance."

4. According to some accounts, the Brotherhood established around nine big companies in the 1940s. For more see for example: Farouq, Abdel Khaliq. 2015. *The Brotherhood's Economies in Egypt and Around the World*. Cairo: Egyptian Book Association.

5. Zakah (alms) is one of the five pillars of Islam and constitutes an important source for supporting the poor. It is a religious obligation for all Muslims who should pay around 2.5% of their gross wealth.

6. Sadaqah is charity or benevolence, which Muslims give to help the needy. Unlike Zakah, Sadaqah is not a religious obligation but rather a voluntary activity and a sign of sincerity.

7. Abdallah Shehata Khattab is a Professor of Economics at Cairo University and was appointed as an advisor for the Minister of Finance under Mohamed Morsi's government. He was also the Chair of Economic Committee at the FJP. He was arrested in 2014 and is still in prison awaiting trial.

8. On January 18 and 19, 1977, Sadat's government increased food prices as part of an economic deal with the IMF and the World Bank. Protesters flooded the streets of Cairo and other cities, and workers organized nationwide strikes, which were met with force

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