

Issue 02 | Fall 2008

الخمسين KHAMASIN

Reflections on the Social and Political



❧ **Revolution and World Order**

Kareem Kamel on the Taliban and the International System

❧ **The Rhetoric of Growth in Armenia**

Angela Harutyunyan on the myth of post-Soviet transition

❧ **Silence for Sale**

Joshua Middleman on the Israel lobby and the US Congress

❧ **Islamic Banking**

Ryan Castle on the politics of banking in the MENA

Imprint © 2008 – Issue 02

The American University in Cairo

The views expressed are neither those of the American University of Cairo,
nor the Khamasin Journal. Authors retain sole copyright.

Publication of The Political Science Department of
the American University in Cairo
P.O. Box 2511
Cairo 11511
Egypt
<http://www.aucegypt.edu/publications/khamasin>

Editorial Team Editor: Dr. Eric Goodfield
Associate Editor: James Petretta (MA, Pols.)
Assistant Editor: Sunny Daly (MA, GWS and Pols.)

Editorial Board Dr. Ibrahim El Nur, Dr. Eric Goodfield, Dr. Ivan Ivekovic, James Petretta,
Dr. Gamal Soltan, Dr. Kareem Kamel, Dr. Dan Tschirgi

Original Julia Kaestle, www.mfgimweb.de
Layout & Design



Table of Contents

- 4 Conceptualizing Revolutionary Outcomes: The Taliban Movement and the International System
Dr. Kareem Kamel
- 24 The Rhetoric of Growth and the Myth of Transition in Post Soviet Armenia
Angela Harutyunyan
- 33 Silence for Sale: The Israel Lobby, Campaign Finance, and Control of the US Congress
Joshua Middleman
- 55 The Rise of Modern Islamic Banking and Its Political Implications in the Middle East and North Africa
Ryan Castle



Participate

For further information on submissions, please consult the guidelines at
<http://www.aucegypt.edu/publications/khamasin>

Kareem Kamel *Kareem Mahmoud Kamel, PhD*, is an assistant professor at the American University in Cairo (AUC). He specializes in international relations with specific emphasis on international politics in the Middle East, nuclear proliferation, foreign policy analysis and the history and politics of Islamic movements. He has published numerous analytical articles, rebuttals, and opinion pieces on the politics of the Muslim world.



CONCEPTUALIZING REVOLUTIONARY OUTCOMES: THE TALIBAN MOVEMENT AND THE INTERNATIONAL SYSTEM

Studies on revolution and international change have demonstrated a lack of appreciation for the complexity of revolutionary outcomes and the impact revolutions have on regional and international politics. In most cases, historical and policy research on the outcomes of revolutions have been illuminating, informative, and detailed, but undertheorized.¹ Very little effort has been spent on theorization or rigorous conceptualization of the ideological, transnational, and systemic implications of revolutions. More importantly, most studies deal with revolution as the dependent variable with scant attention paid to the outcomes of revolution.² Zimmerman suggests that “as to the comparative analysis of outcomes of revolutions, there is not even a generation of scholars, not to speak of three.”³ Stephen M. Walt captures the *problematique* of the conceptual relationship between revolution and international politics:

Despite its practical importance and theoretical potential, the topic of the relationship between revolution and international politics has been understudied. Although the literature on revolution is enormous, virtually all of it focuses either on the causes of revolution or on the domestic consequences of revolutionary change.⁴

In addition to the near lack of academic scholarship on revolutionary outcomes, very few studies have focused on the relationship between revolution and the international system. International relations literature, and in particular, realism, has, in most cases,

¹ For an example of brilliantly informative, but undertheorized literature see David Menashri, ed. *The Iranian Revolution and the Muslim World* (Boulder, Colorado: Westview Press, 1990); John Esposito, *The Iranian Revolution : Its Global Impact* (Florida : Florida International University Press, 1990); Ahmed Rashid, *Taliban : The Story of the Afghan Warlords* (Pan Books : London, 2001); Peter Marsden, *The Taliban: War, Religion, and the New Order in Afghanistan* (Karachi : Oxford University Press, 1999).

² Ekkart Zimmermann, “On the Outcomes of Revolutions: Some Preliminary Considerations,” *Sociological Theory* 8 (Spring, 1990), 1.

³ Ibid.

⁴ Stephen M. Walt, *Revolution and War* (Ithaca: Cornell University Press, 1996), 6.

failed to study the multitude of revolutionary implications on the international system. This can be attributed to the fact that realists deny the importance of domestic factors in foreign policy and hence, revolutions are seen as marginal in influencing international affairs.⁵ The failure to appreciate the complex interaction between revolution and the international system has been reiterated in the work of Harvey Starr who admitted that “a not considerable literature has been devoted to the complex of the linkages/connections/causal structure between phenomena within the borders of nation-states and phenomena occurring beyond those borders Many signs point to the reality of such internal-external linkages, but a systematic, empirical connection has been hard to demonstrate consistently.”⁶

The difficulty in conceptualizing the relationship between revolution and the international system is further compounded by the fact that revolutions challenge established conceptions of the international system through the challenges they pose to firmly grounded ideas of statehood, sovereignty, and non-intervention which form the backbone of the international system of states.⁷ Indeed, revolutions are high stakes challenges to the authority and legitimacy of the state and its monopoly on the use of force. In addition, revolutionary regimes dilute the concept of non-intervention by continuously highlighting the transnational character of the system of oppression which they seek to bring down and by showing solidarity with ideologically affiliated groups in other countries. Hence, by devaluing the concepts of sovereignty, statehood, and non-intervention, revolutions have made it difficult for international relations theorists to account for the multitude of changes brought about by revolutions on the international level.

This article will examine the relationship between revolution and international politics by focusing on the revolutionary Taliban regime in terms of how it contributed to regional and international change in light of its revolutionary message and its strategic environment. I will argue that the Taliban, through its revolutionary ideology and its support for Islamic radicals, heightened the threat perceptions of regional and international powers, restructured alliance patterns, and, ultimately, shifted the balance of power in its respective strategic environments making international conflict and/or war more likely. The Taliban restructured the regional and international order not through its preponderance of material resources or its accumulation of wealth, but by the opportunities and challenges it created for other states from 1994 to 2001.

The Taliban as a Precedent-
Setting Revolutionary
Movement

For analytic purposes, revolution will be defined as a “successful overthrow of the prevailing elite(s) by a new elite(s) who after having taken over power

⁵ Fred Halliday, *Revolution and World Politics: The Rise and Fall of the Sixth Great Power* (London: McMillan Press, 1999), 293.

⁶ Harvey Starr, “Revolution and War: Rethinking the Linkage Between Internal and External Conflict,” *Political Research Quarterly* 47 (June, 1994), 481.

⁷ Halliday, 10.

fundamentally change the social structure and therewith the structure of authority.”⁸ Revolutions are watershed events in international politics since they “cause sudden shifts in the balance of power, alter the pattern of international alignments, cast doubts on existing agreements and diplomatic norms, and provide inviting opportunities for other states to improve their positions.”⁹ In addition, revolutionary states demonstrate novel ways of organizing social and political life and invite others to emulate their experiences. A revolutionary situation can be said to exist when “a group of insurgents illegally and/or forcefully challenges the government elite for the occupancy of roles in the structure of political authority.”¹⁰ Against this backdrop, the Taliban’s ascent to power in Afghanistan was not only a customary coup or a traditional takeover of power with little consequence. On the contrary, the Taliban managed to restructure domestic, transnational, and international politics by introducing novel forms of ideological and socio-cultural phenomena that ultimately have revolutionary facets. Indeed, the hallmark of any given revolution is the novelty of its characteristics, the unexpectedness of its behavior, and the aspiration to establish a radically different society.¹¹ A revolutionary outcome is said to exist when “challengers are able to defeat an old regime and erect a new and fundamentally different political order.”¹²

By any means, the Taliban’s ability to subdue all local and regional powers in Afghanistan, integrate their former military apparatuses into their movement, and swiftly establish law and order, is no doubt a uniquely transformative experience.¹³ In the process, however, while the Taliban brought relative security to a war-torn state, they sought to enforce an exceptionally puritanical form of Islam on the local population involving the official segregation of nearly all forms of female activities in the public sphere including access to education, denying the masses access to all forms of international media, and the enforcement of a rigid code of thought and behavior on the general public. In their latter days, the policies of the Taliban became even more exclusivist and anachronistic: the destruction of the Buddha statues in Bamiyan which had existed throughout the entire Islamic period, the obligation on Hindus and Sikhs

8 Ekkart Zimmermann, “On the Outcomes of Revolutions: Some Preliminary Considerations,” *Sociological Theory* 8 (Spring, 1990), 39.

9 Stephen M. Walt, *Revolution and War*, 1.

10 Raymond Tanter and Manus Midlarsky, “A Theory of Revolution,” *The Journal of Conflict Resolution* 11 (September, 1967), 267.

11 Fred Halliday, 21.

12 Stephen M. Walt, *Revolution and War*, 20.

13 Neamatollah Nojumi, *The Rise of the Taliban in Afghanistan: Mass Mobilization, Civil War and the Future of the Region* (New York : Palgrave, 2002): 212. The Taliban movement picked up considerable momentum within a very short period. After capturing Kandahar in November 1994, in just four weeks they overran four provinces. In the next three months they were in control of another five. On their way to Kabul, many cities fell before them even without a fight and they gradually gained more adherents to their cause. It can be argued that during the initial stages of their campaign, the Taliban achieved most of their victories with very little bloodshed, and many local militias agreed to disarm after simply being approached by a delegation of *ulama*. On this point, see Kamal Matinuddin, *The Taliban Phenomenon: Afghanistan 1994-1997* (Oxford: Oxford University Press, 2001): 70, and Nasreen Ghufuran, “The Taliban and the Civil War Entanglement in Afghanistan,” *Asian Survey* 41 (May-June 2001), 462-487.

resident in Kabul to wear distinctive symbols, and the arrest of Christian aid workers on charges of proselytization.¹⁴ In this regard, the Taliban movement draws significant interest because, “since the end of the Cold War no other political movement in the Islamic world has attracted as much attention as the Taliban in Afghanistan [T]he Taliban have inadvertently set a new agenda for Islamic radicalism in the entire region, sending shock waves through Afghanistan’s neighbors.”¹⁵ Since the emergence of the Taliban movement in the autumn of 1994, “nowhere in the Islamic world have religion and politics intersected in such a dramatic fashion as in Afghanistan.”¹⁶ The Taliban phenomenon is a fascinating example of how a group of religiously-motivated students were able to subdue all major political movements in Afghanistan, dominate the political scene, and put an end to the devastating civil war which had afflicted Afghanistan since 1992.¹⁷

In many ways, the emergence of the Taliban on the Afghan political scene was a very distinct and a rather ambiguous phenomenon in the history of political upheavals and revolutionary takeovers. First, the Taliban takeover could be regarded as a revolution against former revolutionaries who were known for their decade-long campaign of Islamic resistance against the “Soviet infidels.” The former *mujahideen*, against whom the Taliban waged their war, “represented Islam in battle, in religious and political arenas . . . [and] were praised by a wide variety of individuals and institutions ranging from the US government to Shi’ite mentors of the Islamic revolution in Iran.”¹⁸ The Taliban claimed that their campaign was a *jihad* “for the word of Islam to be transcendent” and was aimed at “purifying the country from the stains of hypocrisy” that manifested itself in the “corrupt” leaders of the former *mujahideen*.¹⁹ Hence, the Taliban *jihad* is unique in that it was not waged against a secular dictatorship or a pro-Western monarchy as was the case elsewhere in the Islamic world, but was directed against the Islamist leaders of a former *jihad*.

Another distinctive feature of the Taliban revolution is the nature of the Taliban leadership itself which differs significantly from most, if not all, experiences of governance in the Islamic World. While most revolutionary upheavals in the Middle East were led by military officials (Egypt, Syria, Iraq . . . etc.), or urban-based senior religious figures (Iran), the Taliban primarily consisted of *talibs* or *mullahs* who originally graduated from religious schools or local seminaries in the rural areas of Afghanistan. Other Taliban recruits were refugees in Pakistan and had originally left the country at a very young age during the anti-Soviet uprising. They also attended religious schools in Pakistan that follow the teachings of the *Jamaat-e-Ulama-e-Islami Pakistan*

¹⁴ Mariam Abou Zahab and Olivier Roy, *Islamist Networks: The Afghan-Pakistan Connection* (London: Hurst and Company, 2004), 52.

¹⁵ Ahmed Rashid, *Taliban: The Story of the Afghan Warlords* (Pan Books: London, 2001), 5.

¹⁶ Larry P. Goodson, *Afghanistan’s Endless War: State Failure, Regional Politics, and the Rise of the Taliban* (Seattle: University of Washington Press, 2001), 104.

¹⁷ M.J. Gohari, *The Taliban: Ascent to Power* (London: Oxford University Press, 2000), 8.

¹⁸ *Ibid.*, Introduction.

¹⁹ *Ibid.*, 26.

(JUIP) led by Maulana Fazl-ul-Rahman and the Deobandi school of Islam.²⁰ Despite the establishment of religious schools by the external front of the Afghan Mujahideen parties all across the Pakistani-Afghan borders, the young *talibs* were disillusioned by the luxurious lifestyle, large investments, and many family and personal privileges of the leaders of the anti-Soviet *jihad* and eventually became closer to the leaders of the JUIP.²¹ The Taliban began to emerge during the second phase of the civil war between the *ex-mujahideen* groups in Afghanistan and capitalized on the chaotic situation in the country and the deep gap between the general public and the former *mujahideen*. The absence of a unified, nationally-accepted government in Afghanistan opened the way for the emergence of a third movement beyond the two warring hostile factions, the *Hekmatyar-Khalqis* and *Rabbani-Parchamis*.²²

The emergence of the Taliban demonstrated a significant break in classical forms of leadership constituency in Afghanistan. In fact, the rejection of traditional Afghan leaders, the discrediting of many local tribal or clan leaders, and the imposition of the *mullah* as the supreme leader in Afghanistan represented a significant break from former Afghan practices.²³ In traditional Pashtun rural society, the *mullah* was a respected figure for his role in leading the prayers and for teaching children the basic tenets of Islamic faith. However, the *mullah* was seen as further down the social order than the *‘alim* and hence any intervention on his part in public affairs would have been resented.²⁴ Yet after the failure of the traditional religious *ulama* and political Islamists, it was the *mullah* who was seen as the only hope for the fulfillment of the aspirations of southeastern Afghanistan’s war-weary population. In March 1996, when Mullah Omar called a meeting of 1,200 religious figures in Kandahar to decide the future direction of the Taliban movement and to appoint a leader, he did not invite local military commanders, traditional tribal or clan leaders, or political figures. Even among the *ulama*, those who were seen as being “tainted with corruption” were rejected. The new Taliban leadership only accepted figures without previous involvement in politics. In the meeting, Mullah Omar was voted *amir-ul momineen*, leader of the faithful, and took oath on a relic believed to be the cloak of Prophet Muhammad from its shrine in Kandahar and publicly wrapped it around his body.²⁵

Further, the Taliban movement originates from a social background that contrasts sharply to former revolutionary Islamic movements. Across the Middle East, Islamists usually recruit among the intelligentsia and more “modern” elements of society, including students from largely “secular” faculties, mostly in the sciences.²⁶ Islamists

²⁰ Neamatollah Nojumi, 119.

²¹ Ibid., 124.

²² Ibid., 121.

²³ Jason Burke, *Al-Qaeda: The True Story of Radical Islam* (New York: I.B. Tauris, 2004), 123.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Olivier Roy, “Has Islamism a Future in Afghanistan?” in *Fundamentalism Reborn? Afghanistan and the Taliban*, edited by William Maley. (London: Hurst & Company, 1998), 199-211.

have also managed to attract many educated women who, despite wearing the veil in public, were accepted in the socio-political arena. Afghanistan's two main Islamist parties, the *Jamiat-e-Islami*, led by Burhanuddin Rabbani, and the *Hezb-e-Islami*, led by Gulbuddin Hekmatyar, recruited among similar social strata and reflected many of the trends prevalent in Middle Eastern Islamism during the 1970s and 80s. Even the political literature of Afghanistan's anti-Soviet Islamist parties was borrowed from the Muslim Brotherhood and the radical Egyptian Islamist ideologue, Sayed Qutb, and was generally not in conflict with most aspects of contemporary thought.

In contrast, the Taliban movement is the only contemporary Islamic movement whose basis is a network of traditional rural *madrassas* and whose ideological foundations are to be found in a radicalized Deobandi Salafism that sees all doubt as sin and considers debate as little more than heresy.²⁷ It rejects all notions of accommodation with other relatively "more moderate" forms of Islamism prevalent in the Muslim world and the West. In fact, the Taliban's refusal to compromise with the United Nations (UN) humanitarian agencies and foreign donors for international recognition, and their rejection of all Muslim ruling elites as corrupt has "given Islamic fundamentalism a new face and a new identity for the next millennium – one that refuses to accept any compromise or political system except their own."²⁸

Moreover, the Taliban's ascent to power opened the door for the emergence of a much younger leadership base than is customary in Afghanistan. In fact, the Taliban leadership is comprised almost exclusively of young men (mid-30s in age) whose experiences in the early days of the anti-Soviet *jihad* were as rank-and-file *mujahideen* or small-unit commanders.²⁹ Although Taliban leaders apparently use senior religious titles such as *maulavi* (teacher) or *mullah*, most have had little formal education or administrative experience. Equally important is the fact that rank-and-file members of the Taliban are generally in their mid-to-late teens.³⁰

The young age of Taliban leadership, their exclusive emphasis on the application of *shari'ah*, and their inexperience in governance led to a system of government that stands in stark contrast to other Islamist experiences. While the Taliban lacked an efficient administrative capacity and showed an extreme indifference to (and at times, incomprehension of) international politics, the efficient administrative structures set up by Islamists in Iran and Sudan allowed the two countries to become prominent participants in the wider international system, rationally govern their societies, and skillfully indoctrinate their followers.³¹ Thus while Ayatollah Khomeini, before taking power, had drawn up a highly detailed blueprint on how the state should be structured

²⁷ Ahmed Rashid, *Taliban: The Story of Afghan Warlords*, 93.

²⁸ *Ibid.*, 93-94.

²⁹ Larry Goodson, "The Fragmentation of Culture in Afghanistan," *Alif: Journal of Comparative Poetics* 18 (1998), 277.

³⁰ *Ibid.*

³¹ Gilles Kepel, *Jihad: The Trail of Political Islam* (New York: I.B. Tauris, 2002), 231.

and governed, the Taliban, by contrast, “happened upon power almost by accident” and focused largely on military strategy and the establishment and maintenance of law and order.³² The Taliban’s one-eyed foreign minister, Mullah Mohammed Ghaus, illustrated the absence of a detailed plan for governance when he said, “We would sit for a long time to discuss how to change the terrible situation. Before we started we had only vague ideas what to do and we thought we would fail, but we believed that we were working with Allah as His pupils. We have got so far because Allah has helped us.”³³ When asked what the differences were between the Afghan system and other systems, such as those in Iran, Sudan and others, the Taliban’s most revered leader, Mullah Omar, replied: “We do not look at other governments. We do not have enough information on those states’ systems.”³⁴

The Taliban Movement and International Relations

On the inter-state level, revolutions make international conflict more likely by causing abrupt shifts in the balance of power, transforming alliance patterns, and creating “inviting opportunities for other states to improve their positions.”³⁵ Revolutionary regimes are often based upon optimistic and universalistic ideologies that portray opponents as inherently hostile. Hence, for reasons of ideology, interest, and strategy, the foreign policies of revolutionary regimes depart in important respects from those of their predecessors.³⁶ In addition, they assume power in circumstances where accurate information about capabilities, intentions, and future prospects is difficult or near impossible to ascertain.³⁷ As a result, revolutions make international conflict more likely by heightening the level of threat between the revolutionary state and its rivals and “by encouraging both sides to view the use of force as an effective way to eliminate the threat.”³⁸ Zeev Maoz explains that revolutionary states are twice as likely to induce international conflict than those involved in evolutionary state formation processes.³⁹ He explains the complex relationship between revolution and international conflict:

States that enter the system through revolutionary struggle face a two-way pressure for violent external behavior The acquisition of national independence does not assure them acceptance to the club of nations, and their elites face a strong sense of external threat to the new nation. The threat is that those who had been opposed to national autonomy before independence might wish to capitalize on the first opportunity to return to the status quo ante. Thus, there exists strong internal pressure to establish a secure international status through conflict. On the other side, existing states that are suddenly confronted with a new member fear that the revolutionary process which led to the formation

³² Peter Marsden, *The Taliban: War, Religion, and the New Order in Afghanistan*, 76.

³³ Ahmed Rashid, *Taliban: The Story of the Afghan Warlords*, 23.

³⁴ Peter Marsden, 66.

³⁵ Stephen M. Walt, “Revolution and War,” *World Politics* 44 (April, 1992), 321.

³⁶ Halliday, 203.

³⁷ Walt, *Revolution and War*, 32.

³⁸ Walt, “Revolution and War,” 322.

³⁹ Zeev Maoz, “Joining the Club of Nations: Political Development and International Conflict, 1816-1976,” *International Studies Quarterly* 33 (June, 1989), 199-231.

of the new state will become a catalyst and model for other sub-national units seeking national independence. The rapid and violent emergence of the new state clouds old states' foreign policy goals and orientations with considerable uncertainty. This uncertainty might lead to attempts to put pressure on the new state by violent means.⁴⁰

Balance of Threat and the
Taliban

The neorealist version of balance-of-power theory sees changes in the distribution of aggregate power as the primary explanatory variable for conflict. The theory assumes that states are rational actors whose primary goal is political survival given the all-pervasive condition of international anarchy. The result of this self-motivated security competition is that as each state strives to increase its relative power, other states will feel insecure, and hence the security dilemma will be accentuated and war will be more likely.

In order to be able to conceptualize the relationship between revolution and inter-state conflict, Stephen Walt provides a more useful theoretical framework which he calls the *balance-of-threat* theory. Walt argues that although traditional balance-of-power theory sees international conflict as a function of changes in the aggregate balance of power, defined in solely material terms (population, GNP, military capability, etc.), it is more accurate to suggest that states respond to *perception* of threat.⁴¹ He argues that revolutions produce a particularly potent form of offensive power that is based primarily on each side's fear of ideological subversion.⁴² In addition, this particular form of power is highly exacerbated in Third World contexts where many leaders are weak and illegitimate, the stakes for domestic politics are very high, and many sub-national groups owe their allegiance to and act on behalf of interests other than the national interest.⁴³ Hence, by focusing on threats rather than on changes in aggregate power alone, the balance-of-threat theory provides a more accurate and comprehensive explanation of the ways in which revolutions influence state behavior and increase the likelihood of international conflict. The Taliban era was marked by a great deal of alliance transformations in the region, most notable of which were the initial pro-Taliban, Saudi-Pakistani-US axis versus the anti-Taliban, Iranian-Russian-Indian axis.⁴⁴ A radical transformation in this alliance pattern followed the attacks of September 11th and the US-led war against Afghanistan.

⁴⁰ Ibid., 204.

⁴¹ Walt, "Revolution and War," 332.

⁴² Ibid., 333.

⁴³ Steven David uses this assumption to explain Third World alliance patterns. According to his theory of *omnibalancing*, Third World leaders do not only balance against external threats to their states, but sometimes need to appease secondary adversaries and balance against internal threats to their regimes. This is also useful in explaining how revolutions in Third World contexts influence their strategic environment. Steven R. David, "Explaining Third World Alignment," *World Politics* 43 (January 1991), 233-256.

⁴⁴ For an analysis of the interests of various regional and international players, see Kamal Matinuddin, *The Taliban Phenomenon: Afghanistan 1994-1997*, 148-182. For a more detailed analysis, see William Maley, ed. *Fundamentalism Reborn?: Afghanistan & The Taliban* (London: Hurst & Company, 1998). Also, see section entitled "The New Great Game" in Ahmed Rashid, *Taliban: The Story of the Afghan Warlords*, 196-206.

Due to the geo-strategic significance of Afghanistan, the emergence of the Taliban presented a myriad of opportunities and challenges to a variety of regional and international actors. Not only is Afghanistan an important crossroads for regional trade, but its location enhances the prospects of the propagation of the Taliban's revolutionary ideas to groups with similar aspirations in neighboring countries. Given the impact of the Taliban revolution on ideological activism and transnational movements, it is inevitable that it would equally impact inter-state relations, since revolutions produce a potent form of offensive power manifested in a perceived far-reaching capacity for ideological subversion.

The Taliban's economic, military, and strategic assets were, in both relative and aggregate terms, not threatening to any of their neighbors. Afghanistan is one of the bottom ten countries in the world in every major indicator of social and economic development, and has been ravaged and further impoverished by never-ending warfare.⁴⁵ The most significant military achievement for the Taliban was its ability to raise its forces from less than one hundred men in 1994 to 30,000-35,000 troops in 1996, with a functional brigade and divisional structure and a small air force.⁴⁶ However, the Taliban's domestic military successes owed much to the political bankruptcy of former *mujahideen* movements as well as Pakistan's support for the movement and the role played by Pakistan's ISI (Inter Services Intelligence) in tactical and strategic guidance.⁴⁷ Equally important is the fact that during their stay in power, the Taliban lacked a sophisticated foreign policy establishment and demonstrated little understanding of the "evolved practices of modern diplomacy."⁴⁸ This facet has led Olivier Roy to argue that the Taliban "have no foreign policy."⁴⁹ The Taliban's broad "foreign policy concerns" as articulated through its representatives and officials focused only on basic issues such as the need to win international acceptance and to extract revenues from international sources.⁵⁰

In essence, the way in which the Taliban movement influenced international relations was neither through the exceptionalism of its economic, military, and strategic assets, nor through grandiose, well-articulated foreign policy ambitions, but rather through its ability as a revolutionary regime to enhance other states' perception of threat and act as "a catalyst and a model for other sub-national units."⁵¹ The Taliban revolution in Afghanistan had equally profound repercussions on sub-state Islamist groups operating in the Middle East. It managed to turn Afghanistan into a safe haven for international *jihadi* groups with anti-Western inclinations. It is estimated that between 1982 and 1992,

45 Larry P. Goodson, *Afghanistan's Endless War*, 187.

46 Anthony Davis, "How the Taliban Became a Military Force," in *Fundamentalism Reborn?: Afghanistan & The Taliban*, edited by William Maley. (London : Hurst & Company, 1998), 69.

47 Ibid, 43-71.

48 William Maley, "The Foreign Policy of the Taliban," *Council on Foreign Relations* http://www.cfr.org/public/ForeignPolicy_Taliban_Paper.html.

49 Olivier Roy, "Has Islamism a Future in Afghanistan?" , 210.

50 William Maley.

51 Zeev Maoz, 204.

some 35,000 Muslim radicals from forty-three Islamic countries in the Middle East, North and East Africa, Central Asia, and the Far East were trained to fight alongside the Afghan *mujahideen*.⁵² Tens of thousands more foreign Muslim radicals came to study in the hundreds of new *madrassas* – from which the Taliban emerged – that operated along the Pakistan-Afghan border, and eventually more than 100,000 Muslim radicals were to have direct contact with Pakistan and Afghanistan. The formation of The International Islamic Front for Jihad (IIFJ) by Osama Bin Laden in 1996, coupled with the support the Taliban provided to Bin Laden’s movement, managed “to turn Afghanistan into a laboratory for jihad, where al-Qaeda cadres provide ideological and military training for other devoted militants arriving from different countries.”⁵³ The presence of the Taliban in a country with so much strategic significance and characterized by permeable borders crosscutting with people of shared ethno-national identity, would inevitably heighten the specter of a regional Islamic revolution.⁵⁴

Thus, between 1994 and 2001, the rapid and violent emergence of the new regime in Afghanistan clouded the foreign policy goals and orientations of other states with considerable uncertainty and ultimately restructured alliance patterns in a way that reflected the rivalries and vested interests of contending actors. As a result, the Taliban’s emergence heralded the formation of two main axes in and around Afghanistan.⁵⁵ On one hand, Saudi Arabia and Pakistan recognized the Taliban diplomatically and provided (to different degrees and at different times) moral, diplomatic, and material support. Although there was no evidence to suggest its direct extension of material resources to the Taliban, the US initially welcomed the Taliban and could be regarded as part of the Saudi-Pakistani alliance. On the other hand, Iran, Russia, and India sought to undermine the Taliban by extending their support to opposing movements within Afghanistan.

The rise of the Taliban in Afghanistan accentuated three sets of interrelated rivalries in the region: Saudi-Iranian, Pakistani-Indian, and US-Russian. As a result, Afghanistan became an important theatre for contesting regional and international rivalries. In its later years, however, the Taliban’s ideological rigidity, its resistance to outside pressures even from its allies, its support for a variety of Islamist networks, and its increasing radicalization, led to its isolation and confrontation even with those countries that were initially non-hostile or ambivalent to its existence. The climax of the Taliban’s impact on the world came with the attacks of September 11th and America’s global response – events which catapulted a relatively clandestine movement in a remote part of the world to the forefront of global politics.

Iran vs. Saudi Arabia: The Revival of the Sunni/Shi’te Schism

The downfall of Afghanistan’s communist regime in April 1992 ushered in the breakdown of the state, an intense struggle for power among various Afghan groups, and

⁵² Ahmed Rashid, *Taliban: The Story of the Afghan Warlords* (Pan Books: London, 2001), 130.
⁵³ Neamatollah Nojumi, 227.
⁵⁴ Larry P. Goodson, *Afghanistan’s Endless War*, 132.
⁵⁵ Jason Burke, *Al-Qaeda: The True Story of Radical Islam*, 128.

a civil war with a strong ethnic dimension to it. This was concomitant with the decline of American and Russian involvement in Afghanistan and a corresponding increase in the involvement of regional powers interested in influencing events in Afghanistan itself.⁵⁶ The power struggle between Iran and Saudi Arabia was not only played out during the Iran-Iraq war, but was also present in Afghanistan, as both countries had been engaged in a struggle between their different brands of political Islam ever since the Iranian Revolution took place in 1979. Despite the fact that both Saudi Arabia and Iran were against the Soviet invasion of Afghanistan, both countries armed different factions within the *mujahideen*. On one hand, Saudi support to the *mujahideen* was in line with the US and Pakistani strategy of providing the bulk of weapons and funds to the most radical Sunni Pashtun groups and those affiliated with Saudi Wahhabism.⁵⁷ On the other hand, Iran only supported the Afghan Shi'ite groups, the Hazaras.

In 1992, leaders in both Pakistan and Saudi Arabia realized that Iran had played a major role in the formation and success of the Northern Alliance led by Burhanuddin Rabbani and Ahmed Shah Massoud. Hence, both Saudi Arabia and Pakistan supported their rival, Gulbuddin Hekmatyar, and encouraged him to violently contest the power of the central government in Kabul.⁵⁸ However, between 1992 and 1995, Saudi Arabia's principle allies in Afghanistan, Gulbuddin Hekmatyar and Abd Rab el Rasul Sayyaf, split. Consequently, both Saudi Arabia and Pakistan sought to regain their influence and isolate Iran from any power-sharing arrangements in the 1990s, such as the 1992 Peshawar Accords and the subsequent, but abortive, 1993 Islamabad and Jalalabad Accords.⁵⁹ Nevertheless, Iran extended its support to all Persian speaking groups inside Afghanistan, and since 1993, for the first time, Iran began to give substantial military aid to Afghanistan's Tajik president, Burhanuddin Rabbani in Kabul, and Uzbek warlord General Rashid Dostum, thus alienating Pakistan and Saudi Arabia who had been interested in getting Sunni Pashtun protégés into Kabul.⁶⁰

The Taliban's takeover of Kabul in 1996 led to the further polarization of regional powers and directly contributed to the deterioration of Iranian-Saudi relations. Saudi Arabia initially viewed the Taliban as an important asset to its increasingly shrinking influence in Afghanistan and began through its links with Pakistan's JUI to arrange for hunting trips for the Saudi and Gulf princes in the winter of 1994-1995.⁶¹ At the same time, Saudi intelligence chief Prince Turki began visiting Kandahar regularly and left funds, vehicles, and donations that helped the Taliban in their military conquests. Moreover, two Saudi companies, Delta and Ningarcho, were involved in gas pipeline projects across Afghanistan.

⁵⁶ Anwar-ul-Haq Ahady, "Saudi Arabia, Iran, and the Conflict in Afghanistan," in *Fundamentalism Reborn?: Afghanistan and the Taliban*, edited by William Maley. (London: Hurst and Company, 1998), 123.

⁵⁷ Ahmed Rashid, *The Taliban: The Story of the Afghan Warlords*, 198-199.

⁵⁸ Anwar-ul-Haq Ahady, 199.

⁵⁹ Ibid., 199.

⁶⁰ Ibid., 200.

⁶¹ Ibid., 201.

Iran saw that the Taliban's brand of Islamism was antithetical to its own, and Iranian officials repeatedly claimed that the Taliban undertook reactionary and fanatical moves that represented an antithesis to Islam.⁶² In this regard, Iran was concerned about the fortunes of Shi'ite minorities in Afghanistan and elsewhere in Central Asia, and had therefore been consistently mindful of the "strategic quicksand in which various Sunni groups were struggling to remain dominant."⁶³

The Iranians also felt that Saudi Arabia's initial support for the Taliban was part and parcel of a consistent US strategy of isolating Iran and surrounding it with enemies. In addition, Iran was alarmed by the fact that, since 1996, the Taliban were secretly backing anti-regime Iranian groups such as the *Ahl-e-Sunnah Wal Jamaat*, which recruited Iranian Sunni militants from the Khorasan and Sistan provinces and sought the establishment of a Sunni regime.⁶⁴ As a result, after the fall of Kabul in 1996 and the fall of Mazar-e-Sharif in 1998, Iran began sending massive arms shipments to the anti-Taliban alliance. In response, the Taliban closed down the Iranian embassy in Kabul in 1997, accusing Iran of destroying peace and stability in Kabul. The Iranian-Taliban conflict reached its peak in 1998 when the Taliban killed nine Iranian diplomats in Mazar-e-Sharif and Iran consequently mobilized a quarter of a million soldiers on its borders with Afghanistan and threatened to invade. Thus, the rise of the Taliban escalated tensions between Saudi Arabia and Iran, and inflamed hostilities to the extent of almost bringing about a potentially devastating war between Iran and the Taliban – a war that would have had deep sectarian and ethnic dimensions with immense repercussions for the entire Muslim world.

When the Taliban began providing sanctuary for Saudi Islamist dissidents, the relationship between Saudi Arabia and the Taliban deteriorated. Mullah Omar was enraged when Saudi Prince Turki asked him to deport Osama Bin Laden. As a result of Omar's outright refusal, Saudi Arabia suspended its diplomatic relations with the Taliban and ceased all aid to them.⁶⁵ The Taliban's embarrassment had the effect of bringing Saudi leadership closer to Iran since now both parties felt that the Taliban was threatening their interests and domestic stability. This newly-founded rapprochement between Iran and Saudi Arabia was felt in May 1999, when President Khatami became the first Iranian official to visit Saudi Arabia in almost three decades.⁶⁶ Thus, while the Taliban had initially intensified Iranian-Saudi rivalries and almost brought Iran to the brink of war, its insistence on harboring dissidents from both countries brought about a significant rapprochement between the two countries and furthered the Taliban's isolation.

⁶² Peter Marsden, 130.

⁶³ M. Ehsan Ehrari, "China, Pakistan, and the 'Taliban Syndrome,'" *Asian Survey* 40 (July/August, 2000), 665.

⁶⁴ Ahmed Rashid, *The Taliban: The Story of the Afghan Warlords*, 203.

⁶⁵ *Ibid.*, 202.

⁶⁶ *Ibid.*, 205.

The Taliban Movement and Indo-Pakistan Rivalry

Afghanistan under the Taliban provided a venue for geo-strategic rivalries between Pakistan and India to play out. The two countries' nuclear testing in May-June 1998 and the Kargil Crisis in 1999 added a level of importance to their proxy war in Afghanistan.⁶⁷ Pakistan's support for the Taliban was aimed not only at securing its traditional Pashtun allies to the seat of power in Afghanistan, but also at providing it with much-needed strategic depth in its war against India.⁶⁸ Pakistani strategists regarded their country's elongated geography, lack of space, depth, and a hinterland as a handicap in its ability to fight a prolonged war with India. A friendly government in Afghanistan promised the provision of strategic depth and a base from which Kashmiri militants could be funded, trained, and armed.⁶⁹ In addition, Pakistan's pro-Taliban policy was influenced by the need to push north and establish safe trans-Afghanistan pipelines, landlines of communications and trade with the Central Asia Republics. This policy was unanimously supported by all political parties in Pakistan since it offered the country "hegemony over the southern approaches of [resource rich] Central Asia."⁷⁰

Conversely, India's policy towards Afghanistan centered around the need to limit Pakistani influence.⁷¹ India was aware of the growing Pakistani influence in Afghanistan under the Taliban and contributed to the anti-Taliban alliance. New Delhi later revealed that it had supplied the anti-Taliban Northern Alliance with US\$8 million worth of military hardware, military advisors, and helicopter technicians to maintain Soviet-made MI-17 and MI-35 attack helicopters.⁷²

The Taliban and the New "Great Game": US, Russia, and Afghanistan

In the post-Cold War period, the energy resources of the Caspian Sea and Central Asia became an important venue for geo-strategic competition between the United States and Russia. The Caspian represented possibly the last unexplored and unexploited oil-bearing region in the world and its opening up to the outside world marked the beginning of an intense geo-strategic quagmire of competing interests.⁷³ Moscow perceived the US's activities in the oil-rich ex-Soviet states bordering the Caspian as a deliberate attempt to drive it out of the region and place those resources under US control. In turn, Washington viewed Russia's meddling in Central Asian affairs as further evidence of Russian neo-imperialism. Thus resembling the undeclared war of competition between Russia and Britain over Central Asia and Afghanistan in the nineteenth century, known as the "Great Game," the US and Russia were engaged in a competitive post-Cold War rivalry.⁷⁴ Ahmed Rashid explains that "the Taliban were

67 Larry P. Goodson, *Afghanistan's Endless War*, 126.

68 Ahmed Rashid, *The Taliban: The Story of the Afghan Warlords*, 186.

69 Ibid,

70 Shahram Akbarzadeh, "India and Pakistan's Geostrategic Rivalry in Central Asia," *Contemporary South Asia* 12 (June, 2003), 221.

71 Zalmay Khalilzad, "Afghanistan in 1995: Civil War and a Mini-Great Game," *Asian Survey* 36 (February, 1996), 194.

72 Shahram Akbarzadeh, "India and Pakistan's Geostrategic Rivalry in Central Asia," 224.

73 Ahmed Rashid, *The Taliban: The Story of the Afghan Warlords*, 145.

74 Dmitri Trenin, "A Farewell to the Great Game?: Prospects for Russian-American Security Cooperation in Central Asia," *European Security* 12 (2004), 22.

creating a new dimension to this global rivalry and becoming a significant fulcrum for the new Great Game. The states and companies had to decide whether to confront or woo the Taliban and whether the Taliban would impede or help pipelines from Central Asia to new markets in South Asia.⁷⁵

From a geo-strategic perspective, Afghanistan is important in America's imperial attempt to reconfigure the world and to control what is being regarded as an unstable center of the global oil economy.⁷⁶ Kamal Matinuddin maintains that, while there was no specific evidence of direct American material support for the Taliban, there were speculations that the Americans initially encouraged the Taliban, hoping that they would later help the US achieve its strategic interests.⁷⁷ In essence, Washington had hoped that the rise of the Taliban would help the US in a number of ways: restoring law and order in Afghanistan and driving out "international terrorists," containing Russian interests, creating a firmly Sunni buffer on Iran's borders and breaking the latter's monopoly on Central Asia's southern trade routes, and providing an access route within the Central Asian Republics to its long-time ally, Pakistan.⁷⁸ Initially, the US government reiterated that it saw nothing objectionable in the policies of the Taliban, and the American oil company, UNOCAL, regarded the Taliban's new dominance in Afghanistan as a "positive development" that would bring peace and stability and improve the prospects of building oil and gas pipelines through Afghanistan.⁷⁹ Press reports revealed that a partnership between UNOCAL and the Saudi company, Delta, had plans for a multimillion-dollar oil and gas pipeline from Turkmenistan to Pakistani Baluchistan, via Herat and Kandahar.⁸⁰ Those companies had formerly concluded separate deals with commanders along the proposed pipeline route, but the Taliban, who now had control over the entire route, became a major partner.⁸¹ Thus, while there was no evidence of direct US support for the Taliban, the movement appeared to have initially achieved some of America's strategic and economic interests.⁸²

The Taliban's takeover of Kabul and especially their advance towards northern Afghanistan caused the notion of Islamic threat to dominate the Russian media. In the post-Cold War world, Russian leaders consistently exaggerated the Islamic threat in order to raise support for government policies – a tactic used during the 1994-1996 Russian invasion of Chechnya which ended disastrously for Russia.⁸³ President Yeltsin's own security advisor at the time, General Lebed, urged Russia to intervene decisively

⁷⁵ Ahmed Rashid, *The Taliban: The Story of the Afghan Warlords*, 146.

⁷⁶ David Seddon, "Imperial Designs: A Deep History of Afghanistan," *Critical Asian Studies* 35 (2003), 193.

⁷⁷ Kamal Matinuddin, *The Taliban Phenomenon: Afghanistan 1994-1997*, 159-169.

⁷⁸ Neamatollah Nojumi, *The Rise of the Taliban in Afghanistan*, 198 and Nasreen Ghufuran, "The Taliban and the Civil War Entanglement in Afghanistan," 480.

⁷⁹ Peter Marsden, *The Taliban: War, Religion, and the New Order in Afghanistan*, 129.

⁸⁰ Barnett R. Rubin, "Women and Pipelines: Afghanistan's Proxy Wars," *International Affairs* 73 (April, 1997), 288.

⁸¹ Ibid.

⁸² Ibid.

⁸³ Neamatollah Nojumi, 193.

in support of the ousted regime of President Rabbani and help all organized military forces in Afghanistan in support of the Taliban movement, citing the domino theory of imminent state collapse throughout Central Asia.⁸⁴ Russia, and most of the governments of the ex-Soviet states in Central Asia, were fearful that a massive refugee flow would ensue in case of a Taliban victory in the north, and that the Taliban's ideological influences would grow among Islamist groups operating in the region.⁸⁵

Ultimately, however, the Taliban's willingness to provide safe haven and training facilities to networks of Islamist militants closely affiliated with Osama Bin Laden, who was wanted for his alleged role in the June 1996 bombing of an American barracks in Al-Khobar, Saudi Arabia, and the bombings of the US embassies in Kenya and Tanzania in early August 1998, plunged US-Taliban relations to their lowest point of that period.⁸⁶ Indeed, from their initial policy of acquiescence vis-à-vis the Taliban, the US moved to the other extreme of rejecting them completely.⁸⁷ The subsequent US cruise missile strikes on suspected Bin Laden training facilities near Khost in 1998, and UN Security Council Resolution 1333, imposing sanctions on the Taliban, in December 2000, were manifestations of the newly emerging US-Taliban conflict. In the later years of the Taliban regime, US-Russian rivalries over a variety of issues such as the Balkans (Kosovo), Central Europe (NATO enlargement), and the Middle East (Iraq) were sidestepped, and a joint US-Russian working group was formed to exchange information and policy on Afghanistan.⁸⁸ Despite the Taliban's control of almost 95% of the country, both Russia and the US refused to grant the Taliban international recognition, and UN Resolution 1333 was sponsored by both countries. Thus, although the emergence of the Taliban had initially polarized Russia and the US and intensified their geo-strategic competition in the region, the movement's support for Islamist networks and its uncompromising stance on a variety of issues inevitably led to an exceptional US-Russian entente which lasted until its defeat in late 2001.

Conclusion

This article has sought to conceptualize the impact of the revolutionary outcomes on the international system represented by the rise of the Taliban movement in Afghanistan during the period from 1994 to 2001. Given the unique and exclusive character of its revolutionary experience, the Taliban's takeover of Afghanistan was examined as a precedent-setting event that manifested itself in the movement's rural origins, the young age of its leaders, their inexperience and distaste for international politics, their sole emphasis on the application of *Shari'ah*, and the fact that they undertook a revolution against former Islamist revolutionaries.

At the inter-state level, the rise of the Taliban in Afghanistan presented a series

⁸⁴ Anthony Hyman, "Russia, Central Asia, and the Taliban," in William Maley, ed. *Fundamentalism Reborn?: Afghanistan & The Taliban* (London: Hurst & Company, 1998), 107.

⁸⁵ *Ibid.*, 111.

⁸⁶ Larry P. Goodson, *Afghanistan's Endless War*, 80.

⁸⁷ Nasreen Ghufuran, 480.

⁸⁸ Dmitri Trenin, 22.

of opportunities and challenges to regional and international contenders, the aura of uncertainty within which the movement emerged led to the coalescing of a variety of competing geo-strategic alignments aimed at making use of the new developments on the Afghan political scene. Iran, India, and Russia saw the rise of the Taliban as an alarming development and sought to balance the ideological threat posed by the nascent regime and also to control the trans-Afghanistan pipeline and trade routes with an eye on the huge oil and gas reserves in Central Asia and the Caspian. Saudi Arabia, Pakistan, and to some extent, the US, sought to manipulate the Taliban to counter Iranian and Russian influence, and Pakistan sought strategic depth to its north and a secure base from which Kashmiri militants would be trained. Thus, the Taliban movement became the focus of two competing axes: one seeing the movement as a potential asset, and another supporting the anti-Taliban alliance. However, from 1998 onwards, the Taliban's fixed ideological position, the expansion of the activities of international militant networks, and the international community's increasing unwillingness to grant the Taliban recognition, isolated the Taliban even further and brought together countries that were initially members of opposing alliances.

While the scope of this research is limited to the period during which the Taliban was in power (1994-2001), one must note that the impact of the Taliban movement is by no means limited to the period under examination. Despite having fled Kabul in November 2001, the Taliban have currently re-emerged as a potent anti-status quo military force in southern Afghanistan,⁸⁹ and the *Salafti-Jihadi* worldview that was consolidated under its auspices continues to be a doctrinal and ideological inspiration for Islamist movements worldwide.⁹⁰

Finally, the study has shown how revolutions interact with an international system characterized not only by centrality of the state, but also by the permeability of the boundaries between states and societies.⁹¹ In other words, if one were to conceptualize the impact of revolutionary outcomes on the international system, what needs to be contemplated is an analytic framework that highlights the combination of state *and* transnational factors in determining the international consequences of revolutions. The revolutionary experience of the Taliban prompts a reconceptualization of the concept of national security. The traditional concept of national security measures threats in terms of aggregate material power and emphasizes direct military challenges to sovereign territory. By any standards, the Taliban did not demonstrate exceptional material power nor did it demonstrate an increase in aggregate military capabilities. However, it projected a different kind of threat to the established order, manifested in a potent form of offensive power based upon the potential for ideological subversion. By defying the legitimacy of regimes and inspiring militant movements in their midst,

⁸⁹ Tim McGirk and Khakrez, "War in the Shadows," *Time* October 10th, 2005 <http://www.time.com>.

⁹⁰ Jason Burke, "Think Again: Al-Qaeda," *Foreign Policy* (May/June 2004) <http://www.foreignpolicy.com>.

⁹¹ Halliday, *Revolution in World Politics*, 161.

the Taliban nurtured groups that challenged the established regimes' monopoly on the use of force, questioned their right to speak in the name of their people, and offered alternative forms of government based on a uniquely radical conception of "true" Islamic government. In the process, the Taliban came into conflict with international powers and affiliated regimes, heightened tensions between regimes and groups within civil society, and prompted a restructuring of regional and international alliance patterns. Thus, understanding the potential consequences of an Islamist revolutionary takeover in the Islamic world and its impact on international relations becomes of paramount importance to policymakers and academics alike.





Bibliography

- Abou Zahab, Mariam, and Olivier Roy. *Islamist Networks: The Afghan-Pakistan Connection*. London: Hurst and Company, 2004.
- Ahady, Anwar-ul-Haq. "Saudi Arabia, Iran, and the Conflict in Afghanistan." In *Fundamentalism Reborn?: Afghanistan & the Taliban*, edited by William Maley. London: Hurst & Company, 1998.
- Akbarzadeh, Shahram. "India and Pakistan's Geostrategic Rivalry in Central Asia." *Contemporary South Asia*, 12 (June 2003): 219-228.
- Burke, Jason. *Al-Qaeda: Casting a Shadow of Terror*. London: I.B. Tauris, 2003.
- _____. *Al-Qaeda: The True Story of Radical Islam*. New York: I.B. Tauris, 2004.
- _____. "Think Again: Al-Qaeda." *Foreign Policy* (May/June 2004) Available at: <http://www.foreignpolicy.com>
- David, Steven R. "Explaining Third World Alignment." *World Politics*, 43 (January 1991): 233-256.
- Davis, Anthony. "How the Taliban Became a Military Force." In *Fundamentalism Reborn?: Afghanistan & the Taliban*, ed. William Maley. London: Hurst & Company, 1998.
- Ehrari, M. Ehsan. "China, Pakistan, and the 'Taliban Syndrome.'" *Asian Survey*, 40 (July/August 2000): 658-671.
- Esposito, John. *The Iranian Revolution: Its Global Impact*. Miami: Florida International University Press, 1990 .
- Ghufran, Nasreen. "The Taliban and the Civil War Entanglement in Afghanistan." *Asian Survey*, 41 (May/June 2001): 462-487.
- Gilpin, Robert. *War and Change in World Politics*. Cambridge: Cambridge University Press, 1981.
- Gohari, M.J. *The Taliban: Ascent to Power*. London: Oxford University Press, 2000.
- Goodson, Larry P. *Afghanistan's Endless War: State Failure, Regional Politics, and the Rise of the Taliban*. Seattle: University of Washington Press, 2001.
- _____. "The Fragmentation of Culture in Afghanistan." *Alif: Journal of Comparative Poetics – Post Colonial Discourse in South Asia*, 18 (1998): 269-289.
- Halliday, Fred. *Revolution and World Politics: The Rise and Fall of the Sixth Great*

-
- Power. London: McMillan Press, 1999.
- Hyman, Anthony. "Russia, Central Asia, and the Taliban." In *Fundamentalism Reborn?: Afghanistan & the Taliban*, edited by William Maley. London: Hurst & Company, 1998.
- Kennedy, Paul. *The Rise and Fall of Great Powers*. Connecticut: Fontana Press, 1986.
- Kepel, Gilles. *Jihad: The Trail of Political Islam*. New York: I.B. Tauris, 2002.
- Khalilzad, Zalmay. "Afghanistan in 1995: Civil War and a Mini-Great Game." *Asian Survey*, 36 (February 1996): 190-195.
- Kissinger, Henry. *A World Restored: Europe After Napoleon*. Massachusetts: Peter Smith, 1973.
- _____. *Diplomacy*. New York: Simon and Schuster, 1994.
- Maley, William, ed. *Fundamentalism Reborn?: Afghanistan & the Taliban*. London: Hurst & Company, 1998.
- _____. *The Afghanistan Wars*. New York: Palgrave Macmillan, 2001.
- _____. "The Foreign Policy of the Taliban." *Council on Foreign Relations*. Available : http://www.cfr.org/public/ForeignPolicy_Taliban_Paper.html.
- Maoz, Zeev. "Joining the Club of Nations: Political Development and International Conflict, 1816-1976." *International Studies Quarterly* 33 (June 1989): 199-231.
- Marsden, Peter. *The Taliban: War, Religion, and the New Order in Afghanistan*. Karachi: Oxford University Press, 1999. atinuddin, Kamal. *The Taliban Phenomenon: Afghanistan 1994-1997*. Oxford: Oxford University Press, 2001.
- McGirk, Tim, and Khakrez. "War in the Shadows." *Time* 10 (October 2005) Available : <http://www.time.com>.
- Menashri, David, ed. *The Iranian Revolution and the Muslim World*. Colorado: Westview Press, 1990.
- Nojumi, Neamatollah. *The Rise of the Taliban in Afghanistan: Mass Mobilization, Civil War and the Future of the Region*. New York: Palgrave, 2002.
- Rashid, Ahmed. "Afghanistan: Ending the Policy Quagmire." *Journal of International Affairs*, 54, (Spring 2001): 395-410.
- _____. *Jihad: The Rise of Militant Islam in Central Asia*. New Haven & London: Yale University Press, 2002.
- _____. *Taliban: The Story of the Afghan Warlords*. London: Pan Books, 2001.
-

-
- Roy, Olivier. "Has Islamism a Future in Afghanistan?" in *Fundamentalism Reborn?: Afghanistan & the Taliban*, edited by William Maley. London: Hurst & Company, 1998.
- Rubin, Barnett. "Women and Pipelines: Afghanistan's Proxy Wars." *International Affairs*, 73 (April 1997): 283-296.
- Seddon, David. "Imperial Designs: A Deep History of Afghanistan." *Critical Asian Studies*, 35 (2003): 175-194.
- Shugart, Matthew Soberg. "Patterns of Revolution." *Theory & Society*, 18 (March 1989): 249-271.
- Starr, Harvey. "Revolution and War: Rethinking the Linkage Between Internal and External Conflict." *Political Research Quarterly*, 47 (June 1994): 481-507.
- Tanter, Raymond, and Manus Midlarsky. "A Theory of Revolution." *The Journal of Conflict Resolution*, 11 (September 1967): 264-280.
- Trenin, Dmitri. "A Farewell to the Great Game?: Prospects for Russian-American Security Cooperation in Central Asia." *European Security*, 12 (2004): 21-35.
- Walt, Stephen M. *Revolution and War*. Ithaca: Cornell University Press, 1996.
_____. "Revolution and War." *World Politics*, 44 (April 1992): 321-368.
- Waltz, Kenneth. "The Politics of Peace." *International Studies Quarterly*, 11 (September 1967): 199-211.
- Zimmerman, Ekkart. "On the Outcomes of Revolutions: Some Preliminary Considerations." *Sociological Theory*, 8 (Spring 1990): 33-47.



Angela Harutyunyan *Angela Harutyunyan* is a PhD candidate in Art History and Visual Studies at the University of Manchester. She is a member of AICA and the co-organizer of the international program for contemporary art curators in Yerevan. She has curated a variety of solo and group exhibitions of contemporary Armenian art since 2003 and is the coauthor of *Public Spheres After Socialism* (2008).



The Rhetoric of Growth and the Myth of Transition in Post Soviet Armenia

This paper was presented in IRICS conference “Innovations and Reproductions in Cultures and Societies” in Vienna, Austria, Dec. 10-12, 2005 on a panel chaired by Dr. Ursula Frohne and Christian Katti “The Limits of Growth.” It has been slightly revised for this publication.

In 1991 I was nine years old. That year Armenia declared independence, and the winter was cold and long, especially for those who were in the earthquake-struck region in Northern Armenia and had to confront it in temporary housing without heating and electricity. While coal and oil were considered luxurious and scarce commodities, my grandfather used volumes of Lenin’s writings and other scholarship of Marxist-Leninist ideology that the *ancien régime* was constructed upon to heat our house. At that point in time, this act of burning the volumes on which my grandfather’s generation as well as the generation of my parents were raised, did not only have a utilitarian function but was also a symbolic act that characterized the break, the rupture in history that my family as well as the entire nation experienced in the early 1990s.

The elimination of these volumes, like the dismantling of communist monuments, was perceived as the end of one era and the beginning of a new one. A professor of history, the head of the education department of the Shirak region for twenty years, and a communist party member, my grandfather was one of the first who rejected communism and greeted the new era with full enthusiasm. However, he and millions of others in Armenia felt that in the face of the economic crisis caused by the breakdown of the Soviet integrated economy, the war with Azerbaijan in the breakaway region of Nagorno Karabagh, the blockade of the Armenian borders by Turkey and Azerbaijan, and the earthquake that left about two-hundred thousand people—i.e. 8% of the Armenian population—homeless, the price for independence seemed to be high. The government of the newly independent country came to call this time a period of transition. This way, the concept of transition was not only a term which signified rupture from soviet social and political constellations but also served as a justification in the face of major upheavals and popular discontent in Armenia in the early 1990s.

The fall of communism and the collapse of the USSR brought about a blind and universal rejection of Marxism as well as Leninism and communism in the former socialist space. Politically and ideologically charged, Marx's theories were erased from the curricula of universities and other academic institutions. This was parallel to the lack of scholarly initiatives to rethink Marxism from a contemporary perspectives. However, the very act of bringing in my own subjectivity before even outlining the argument of this paper means revisiting the fundamentals upon which Marx's theories are constructed. Marx himself believed that there is no pure theory or scholarship; it always represents a group's point of view and is conditioned by the historical/social/cultural circumstances of the writer. Hence, the analytic writing that emerges is informed by subjective and lived experiences in post-Soviet Armenia.

In this paper, I want to rethink the concept of transition which is constructed with implications of rupture and discontinuity in the present-day power discourses in Armenia. Elaborations upon the official rhetoric of growth will serve as a conceptual tool for the re-articulation of the concept of transition, not as a rupture or diremption in Hegelian terms, but rather as a historical continuity, a return, which, nevertheless, "is almost the same, but not quite."¹ It is not my aim to talk about the actual economic situation in Soviet Armenia after the collapse of the USSR. Rather, I will deal with the official rhetoric of growth and development as discussed in the writings and statements by the communist leaders and the officials of the independent republic. In this discussion I will argue that the idea of growth has been manipulated for ideological reasons of the communist regime on the one hand, and is still manipulated by the neo-liberal technocrats of the current regime on the other hand. By doing this, I hope to show that the myth of transition and transformation works for the power structures in this particular context only if it is legitimized with the rhetoric of growth and development. That is to say that so much has changed and so much has remained the same!

The Communist Rhetoric
of Growth

Dialectical materialism assumes that all progress depends upon the struggle of opposing forces. In this view, in order to succeed, socialism had to grow and transform itself into communism and completely annihilate its opposing ideology, capitalism. Economic growth was a precondition for the transition from socialism to communism. According to historical materialism, the mode of production of material values largely defines the social system, and one of the main features of that production is its intrinsic tendency towards constant change and development: i.e. growth. Throughout this process of constant change in the mode of production, it inevitably produces changes in the social system and in the political and intellectual superstructure built on it. Thus, the rhetoric of growth was embedded in the very ideological constitution of dialectical materialism. For Marx, the ultimate goal was to create an emancipated society, relying

¹ Homi Bhabha, "Of Mimicry and Man: The Ambivalence of Colonial Discourse," in *The Location of Culture*, (New York: Routledge, 1994), 85-92.

on economic prosperity and social equality. Only then true human potential could flourish. These views, called into practice, partially made the legitimacy of the whole system dependent on this rhetoric of growth.

Since the earliest years of its existence, the Soviet Union adopted a rhetoric of industrial progress said to be achieved by the labor of all Soviet men. Heavy industrial plants were constructed regardless of geographical, cultural, and local peculiarity, poisoning and polluting the air of villages otherwise untouched by the symptoms of modernity. This insensitivity towards localities was due to the hierarchical economic structure and planning that the communist leaders adopted in order to replace market economics and value. The centralized model of economy, which this hierarchical structure conditioned, brought about a great degree of standardization. In a system where all the decisions were made centrally, there could be no consideration of local peculiarities whatsoever.

The spread of the Bolshevik Revolution in the early 1920s in the South Caucasus was largely orchestrated from above, by the Party's Central Committee in Moscow. A government that came to power by force without having the support of the majority could maintain its legitimacy only if it succeeded in making people believe that it performed an important social function. Industrialization and growth provided such a function for the government. Centralized planning, in turn, was a means by which the State exerted its control over the economy and through which it transmitted pressure for rapid growth to the peripheries. However, the rhetoric of growth that the Party adopted from the very beginning of its coming to power was not only directed internally, towards its own people in order to create a hope for a brighter future, but also externally. In the isolated context of the Soviet Union, in which the international proletarian revolution remained no more than a utopia, adopting this rhetoric of internal economic growth was not merely a matter of survival but that of an ideological struggle as well. It became a touchstone for reasserting the legitimacy of its existence and proving the vitality of the socialist system.

Already in the 1930s, long before the Cold War, there was a tremendous push in Soviet propaganda to surpass the United States through extensive growth. This message found a new legitimizing ground in the patriotic sentiments rising from the Great Patriotic War (1941-1945)² and helped to create a united body of the Soviet people, Zinoviev's "New Soviet Man", with which all Soviet nationalities were encouraged to identify. The victory in the war gave a new legitimacy to the official ideology. At the same time, the rapid reconstruction of the post-war economy gave a new impetus for the rhetoric of growth. As social and national bounds and communal ties became stronger since the Soviet people shared common memories of the victory as well as losses during the war, the rhetoric of growth as propagated in Stalin's *Economic Problems*

² The period of World War II from 1941-1945, when Hitler attacked the Soviet Union, has been referred to as the Great Patriotic War in Soviet discourses.

.....

of Socialism in the USSR (1952)³ had its foreign capitalist rivals as its main targets. The new post-war era that was inaugurated as the Cold War, created a new urgency of reaching and surpassing the United States. Up until Stalin, there was no developed Marxist-Leninist text or institution. It was only dogmatized in the late 1940s and early 1950s both through Stalin's writings and the writings of Soviet philosophers such as Zhdanov and Leonov. Through these writings, the rhetoric of growth was institutionally dogmatized and reified.

Within the context of the fierce competition the USSR faced with the economies of the "Imperialist West," as well as the pressure to satisfy local demand, Armenia, as a part of the Union since 1921, had to face a process of rapid industrialization since the early 1920s. Occupying a mountainous area of 30,000 square meters it had to accommodate heavy chemical plants and, in 1973, a nuclear power station as well. These plants not only caused heavy pollution but endangered the local community in a country that was predominantly rural before the revolution, and where villages were relatively isolated from each other and from the urban centers. The rhetoric of growth that was "imported" to the country from above, more specifically from Moscow, and was effectively disseminated through the propaganda machine, had to be reasserted with several performative tasks that would update the validity of this rhetoric in practical terms. In the absence of a real competition driven from market forces, productivity was maintained by awarding medals and honor certificates starting from a factory worker or a peasant working in a collective farm to their immediate supervisors, directors of plants or collective farms, and even country officials responsible for production. Within a social environment in which recognition could be achieved only through performing economically productive tasks necessarily connected to labor, these medals were the only way to achieve recognition in the community. At the same time, these awards replaced competition typical to the capitalist mode of production.

The pressure to be productive, and thus to be recognized, was so high that very often the actual numbers of output were forged in order to conform with central expectations. Within the hierarchical and centrally planned structure of the economy, an ordinary worker would forge the numbers of production in order to conform with the anticipated production of the unit; an industrial unit would forge them to conform with the numbers of the factory; a factory, in turn, would forge the data to conform with the anticipated numbers of the country production, and a country would forge them, so the numbers anticipated in ad hoc five-year plans in Moscow were justified. The illusion of growth, which many helped to reproduce, was an ideological tool to maintain the illusion of progress and development and that of a brighter future to be achieved with communism. The rhetoric of growth was reinforced through representations of happy and self-fulfilled laborers in the Soviet cinema, central television channels, newspapers, school textbooks, encyclopedias, and other popular media. However, this rhetoric

³ www.marx2mao.com/PDFs/EPS52.pdf, last visited 14.10.2008

was not a consumer-oriented one. There was no place for individual fulfillment and satisfaction, as a worker and a farmer who were merely depersonalized labor forces were supposed to strive for the common good; individual happiness was subordinated to the universal purpose.

The rhetoric of growth was not a fixed and unchanging one since it had to be constantly modified and updated. If Stalin's (1922-1953) rhetoric of growth, boosted with the Soviet victory in World War II, was connected with patriotic sentiments of wartime, Khrushchev's (1953-1964) was trying to adapt to growing consumer demands. While Khrushchev's successor—Brezhnev (1964-1982)—claimed that food was the most important political and economic problem of the 11th five-year plan (1981-1985), a lion's share of the state financial allocations went to heavy industry since the latter was the source of military hardware so essential for the Cold War power race with the USA. Gorbachev's (1985-1991) rhetoric of growth was constructed upon the criticism of his predecessors, and *Perestroika* slogans of democratization of the society as a whole. In the mid-1980s Gorbachev realized that the USSR could no longer insist that its economy was an appropriate model for the rest of the world. In his five-hour report to the 27th Congress of the Soviet Communist Party in 1986, Gorbachev acknowledged the problem of decelerating growth rates, and blamed it on, among other things, the failure to move from extensive to intensive methods of production. He criticized most past reforms as mere rhetoric and pledged to reverse the trend by introducing scientific and technological revolution, and carrying out a truly revolutionary change.⁴

While the regime maintained strong control over the population, the above-mentioned issues of individual happiness, consumer satisfaction, etc., remained repressed in both socio-political discourses as well as those of national and cultural representation. In his article on the Soviet public sphere Victor Voronkov distinguishes between the official public sphere and the private-public sphere.⁵ While the first was limited to the official version of the truth, the second was a space in which free communication and exchange could form which did not conform with the official ideology. To extend Voronkov's argument, we could claim that while in the official public sphere people acted proud to be possessors of special rewards for their work, in the private-public sphere they were somewhat immune to the ideology.

*Perestroika*⁶ gave a chance for creating an alternative—a third public sphere which emerged from the private-public sphere but accumulated in public spaces reserved for the official representation. The movement that brought out national issues into the public domain also touched on ecological problems caused by heavy industrialization.

⁴ Gur Ofer, "Soviet Economic Growth: 1928-1985," *Journal of Economic Literature*, Vol. 25, No. 4. (Dec., 1987): 1767-1833.

⁵ Voronkov, V. "Life and Death of the Public Sphere in the Soviet Union" in *Debates and Credits: Media, Art, Public Domain*, Natalya Goryucheva and Eric Kluitenberg, eds. (Amsterdam: De Balie Center for Culture and Politics, 2003).

⁶ *Perestroika* (literally translates from Russian as "restructuring") was Mikhail Gorbachev's official policy, declared in 1987. It aimed at introducing economic reforms which would mark a shift from a centrally controlled economy to decentralized modes of economic production.

The mass protests against the communist government which started in Armenia in 1987 demanded to close down heavy chemical plants and the nuclear power station. The first government of the already independent Armenia came to power by defining itself as opposed to its predecessor, the communist regime. This was necessary for legitimizing the new government's power in the face of social upheavals and dissatisfaction in the communist regime that culminated in the collapse of the Empire. The rhetoric of nation- and state-building from ground zero was run parallel to the determination to import free market values, as opposed to the centralized Soviet economy. Not only the chemical plants and the nuclear power station but also light industries were shut down. While the actual economic model the government embraced was very different from that of the Soviet Union, the rhetoric of growth persisted in the same fashion. Nevertheless, in the conditions of wartime patriotism fed by the war with neighboring Azerbaijan, this rhetoric was spiced up with nationalist sentiments. It was still about striving for a better and brighter future for the society as a whole and disregarding individual needs. However, this bright future which was perceived as the happiness of the nation and the realization of "national dreams" demanded different identification mechanisms than those which existed in Soviet times.

The Soviet past was seen as an unwanted era which did not belong to the linear and uniform development of the national history. These nationalist popular sentiments were encouraged by the militia fighting in the Karabagh war who later would form the army of the Republic and occupy positions in the highest political echelons. The first president of independent Armenia, Levon Ter-Petrossian, aware of the consequences of nationalism for a country in economic, social, and military turmoil, tried to promote more universal values of human rights and democracy. He even declared that "national ideology is a false category."⁷ In his speech given in the first session of the first elected parliament of Armenia, in 1994, he clearly stated: "The advocates of a national ideology impulsively try to fill it with symbolism, with almost mystical content, which is the breeding ground for demagoguery and political adventurism. This cover of mystery, however, makes national problems abstract, and cuts them off from real solutions."⁸

However, in the face of the economic crisis and growing dissatisfaction with social and political conditions, these specific problems were overlooked in the official public sphere while they were actively discussed in people's private-public spheres. Despite attempts during the *Perestroika* years to bring the alternative discourse formed in the private-public sphere into public spaces and merge it with the official one, after independence this division persisted. Referring to the status of the public sphere in post-Soviet times, Voronkov argues:

⁷ From Levon Ter-Petrossian's speech at Parliament, April 25th, 1994. http://www.armeniaforeignministry.am/speeches/940425ltp_na.html, accessed 15/10/2005.

⁸ Ibid.

There are no limits in discussing ‘real life’ in the ‘official public sphere’ anymore. This enormous flow of new topics and subjects, which before were only discussed in the public-private sphere, creates the image of dramatic changes. However, the changes occurred not in real life, but rather in the made-up official image of real life, actively promoted in the Soviet public sphere [in the past].⁹

The rhetoric of growth was directed both towards present and future. It was something that was supposedly happening in the present but its ultimate realization was postponed to the future. This rhetoric in the Armenian context is inseparable from the nationalist ideology.

With the resignation of the first president in 1998, nationalist Robert Kotcharian came to power, backed by the veterans of the Krabagh war. From the late 1990s on, the rhetoric of economic growth and realization of nationalist dreams celebrated a convenient marriage, and became almost indistinguishable. For example, the largest producer of tobacco in Armenia, the Canadian-Armenian venture, Grand Tobacco, chose the motto “What is Ours is Different” (different meaning special) for advertising its products on television and billboards. Here “ours” did not merely refer to the brand but the idea of Armenianness—belonging to a nation. Most of the commercials for Armenian products were filled with national symbolism and representations of selective victorious instances of the historical past as well as images of the “patriotic” landscape.

Another example was the enormous LCD screen in the place of Lenin’s statue in the Republic Square in Yerevan. The screen, which was installed by City Hall in one of the most prominent public spaces of the city, displays images of Armenian nature, military parades, marches, and occasional scenes from the Karabagh war. These images were meant to invoke patriotic and nationalist feelings through a medium that in the public spaces in Yerevan had been used mainly for commercial purposes. These images of national heroism and commercial products synergistically coexisted on the same screen.

These examples reflect the favored political and economic agenda of the existing power structure that combines nationalism with the rhetoric of economic growth and commercialization. The immersion of the two has yet another significance: through the rhetoric of the united and unified nation, and economic prosperity as a gateway to the realization of national dreams, it functions to attract investments from diaspora Armenian communities. This narrative is constantly reasserted through pan-Armenian games and pan-Armenian Congresses organized every year. It is repeated and confirmed in official discourses through public speeches and propaganda. For instance, President Robert Kocharian’s inaugural speech at the Special Session of the National Assembly in May 21, 2000, states:

⁹ Voronkov, *Ibid.*

Our generation is destined to assume one more responsibility. That is the unification of the efforts of all Armenians and the ensuring of Diaspora Armenians' active participation in the social, political and economic life of our republic....Armenia should be a holy motherland for all the Armenians, and its victory should be their victory, its future their future. We have to realize that a nation which understands the value of its combined force, can never be defeated. On the occasion of this important day I also congratulate Armenians from around the world. The Republic of Armenia is the herald of the feelings and goals of all segments of the Armenian people.¹⁰

Conclusion

The rhetoric of growth which forms the dominant official narrative and is “spiced up” with nationalist sentiments has political, economic, as well as cultural functions for the regime in Armenia. The political function is the current regime’s determination to maintain the status quo. The economic intention is to attract investments from the Diaspora. Finally, the cultural purpose is to define the historical past and cultural heritage as unique and superior while creating the myth of a united nation. At the same time, the rhetoric of post-Soviet transition has become a pillar and defense of the status quo power relations through the legitimizing effects of the rhetoric of growth and development. That is, the rhetoric of the former Soviet regime and its reliance on the ideological justification of socialist progress has been transferred to the institutions of the present regime in a new form. Like the Soviet regime, which maintained its power through an effective propaganda machine that helped to disseminate the rhetoric of growth within all the layers of society, the contemporary Armenian state also colonizes the private space through the rhetoric of growth and a common national purpose. The dominant narrative of this common national purpose, which refers to the pre-communist historical past, nevertheless reconstructs the nation through the rupture from its immediately-experienced past and oblivion of the bygone era. However, it makes use of similar ideological tools as its rejected ancestor, the communist regime.

¹⁰ Ministry of Foreign Affairs Website: http://www.armeniaforeignministry.com/speeches/000521rk_inaguration.html Last visited 10/14/2008.



Bibliography

Harutyunyan, Angela, Kathryn Horschelmann, Malcolm F. Miles, eds. *Cultural Exchange: Culture And The Public Sphere In A Post-Socialist World*. Bristol: Intellect Books, 2008.

Jordan, Mel and Malcolm Miles, eds. *Art and Theory: Post-Socialism*. Bristol: Intellect Press, 2008.

Kenez, Peter. *A History of the Soviet Union from the Beginning to the End*. Cambridge, New York: Cambridge University Press, 2006.

Ofer, Gur. "Soviet Economic Growth: 1928-1985," *Journal of Economic Literature*, Vol. 25, No. 4. (Dec., 1987), 1767-1833.

Voronkov, Viktor, V. "Life and Death of the Public Sphere in the Soviet Union" in *Debates and Credits: Media, Art, Public Domain*. Natalya Goryucheva and Eric Kluitenberg, eds. Amsterdam: De Balie Center for Culture and Politics, 2003.



Joshua Middleman *Joshua Middleman is a graduate student in International Relations at the American University in Cairo. Prior to attending AUC, he worked as a fundraiser on several political campaigns in the United States for candidates pursuing both federal and statewide office. Joshua received his Bachelors degree from Ithaca College.*



Silence for Sale:

THE ISRAEL LOBBY, CAMPAIGN FINANCE AND CONTROL OF THE US CONGRESS

With well over half of the American public expressing opposition to the war in Iraq and to the policy-makers that entangled the United States in that conflict,¹ a period of re-evaluation of US interests in the Middle East seems to be at hand. The fact that the Iraq war factored into the 2008 presidential elections highlights the importance of this issue. Both the Democratic and Republican candidates have discussed divorcing (though to varying degrees) the influence of special interests from the ways in which both foreign and domestic policies are crafted. These would-be presidents are not alone. There are many who claim that US foreign policy in the Middle East is primarily motivated by the undue influence of one particular special interest group. According to Washington insiders, including members of Congress and their staffs, no interest group is more influential in matters of foreign policy than the Israel lobby.²

Events of the past decade such as the September 11th, 2001 attacks, as well as insurgent uprisings and continued sectarian violence in Iraq, demonstrate that the United States is experiencing the repercussions of its policies toward Israel and their impact on Arab-American relations. The chief reason for this backlash is that “Washington’s reflexive support for Israel has fueled anti-Americanism throughout the Arab and Islamic world”³ Continued US support for Israel, despite its occupation of Palestinian land and harsh treatment of its people, is central to the cause of international Islamic terrorist organizations such as Al Qaeda, a fact that Osama bin Laden confirmed with his original *fatwa* against the United States in August of 1996.⁴ Despite evidence suggesting that this relationship is a strategic liability for the United States, the pro-Israel lobby has been very successful in creating the perception among the American public that American and

¹ ABC, “The Numbers.” ABC News. <http://blogs.abcnews.com/thenumbers/2008/03/index.html>.

² John J. Mearsheimer and Stephen M. Walt, *The Israel Lobby and US Foreign Policy*, 1st ed. (New York: Farrar, Straus and Giroux, 2007), 117.

³ Mearsheimer and Walt, 335.

⁴ PBS, “Bin Laden’s Fatwa,” PBS - Online Newshour, http://www.pbs.org/newshour/terrorism/international/fatwa_1996.html.

Israeli interests are “essentially identical.”⁵ Doing so, however, has served the interests of Israel’s right-wing constituencies, and America’s uncritical support of Israel has consistently endangered US security interests. The United States’ continued, lop-sided support with regard to the Palestinian–Israeli conflict has increased Arab resentment over what they see, as the unmet expectations of America’s involvement in the peace process.

Though the US may attempt to rhetorically assume the role of the objective diplomat, it has not, with few exceptions, employed “carrot and stick” diplomacy with Israel. Instead, the United States has consistently maintained a policy of “carrots only” with Israel, though sometimes varying the size of their inducements. Without the application of significant pressure on the part of the United States, Israel has had little impetus to moderate its positions with regard to the Palestinians, a fact that has led to the stagnation of the peace process. Furthermore, as the Israeli-Palestinian conflict is central to the cause of international Islamic terrorism, failure to resolve the conflict constitutes a national security dilemma for the US. If the United States is to bring about a resolution to the Palestinian-Israeli conflict, it will have to push Israel toward peace, a feat which is near impossible given the current power of the Israel lobby.

While scholars have discussed the multi-faceted efforts of the Israel lobby, this paper will narrow the focus to specifically address the power of the American Israel Public Affairs Committee (AIPAC) and its influence over Congressional decision-making. The primary concern of this analysis is the source of the lobby’s immense power, specifically its control over deliberations in Congress through the mobilization of vast amounts of campaign contributions. This study will analyze the details of the high profile instances when the lobby used its power to create a more sympathetic Congress; these instances will show the nature of the pro-Israel lobby’s increasing influence over US foreign policy in the Middle East.

Given the political climate in the United States and the mounting backlash against its policies throughout the Arab world, considerations pertaining to a possible change in US foreign policy in the Middle East are of paramount importance. If the US is to bring about a resolution to the Palestinian-Israeli conflict it will have to push Israel toward peace. In order to do so, the possibility of decreasing the influence of the Israel lobby over decision-making, primarily at the Congressional level, must be addressed. Two key questions must be asked. First, What is the nature of the lobby’s influence and what can it achieve by leveraging this power? Second, Can the lobby’s influence be diminished, and if so, how?

This paper will provide a review of the lobby’s achievements in shaping US Middle East policy. The evidence presented will show that even when the lobby does not achieve all of its objectives, its accomplishments are often substantial nevertheless. Irrespective of its success, what is consistent throughout is the increase in the lobby’s

⁵ John J. Mearsheimer and Stephen M. Walt, “John Mearsheimer and Stephen Walt: the Israel Lobby,” London Review of Books, http://www.lrb.co.uk/v28/n06/mear01_.html.

power. Through its ability to mobilize substantial campaign contributions, the lobby controls votes pertaining to – and stifles criticism directed at – Israel within the US Congress. Examples of the lobby’s position as a leading financier of Congressional campaigns, as well as numerous instances in which the lobby actively campaigned to oust individual members of Congress by facilitating nationwide fundraising campaigns within the American-Jewish community, will serve as evidence of the power of this approach. Because of its ability to marshal a considerable sum of money for or against even the most obscure candidates, the lobby commands and secures nearly unconditional and uncritical support for Israel throughout the United States Congress.⁶

It should be mentioned that the manner in which the pro-Israel lobby pursues its aims is not the least bit unique. As political campaigns have become increasingly expensive over time, interest groups have gained leverage for their agendas by making sizeable campaign contributions to those lawmakers who support their goals. Industries such as real estate, energy, and telecommunications, as well as other single-issue groups (like the Israel lobby), namely pro-choice, pro-life, and gun rights, all contribute significant amounts of money to the campaigns of various elected officials. This paper attempts to show that while the means by which the Israel lobby achieves its aims are not unconventional, the level of its influence is extraordinary. Furthermore, the recommendations for campaign finance reform are based on the principle that the substantial influence of special interest groups is detrimental to the United States. If the influence of special interests surpasses that of the individual citizen, members of Congress become accountable to a constituency based on money instead of votes.

Knowledge of the environment within which the lobby exerts this financial influence is essential for understanding the nature of its influence, and of even greater significance when assessing whether or not that influence can be decreased. In order to illustrate this situation, a review of the evolution of campaign finance legislation highlighting sizeable loopholes and its lack of effectiveness in limiting the influence of money in politics will be provided.

Defining “The Lobby”

John Mearsheimer and Stephen Walt describe the Israel lobby as “a loose coalition of individuals and organizations that actively works to move US foreign policy in a pro-Israel direction.”⁷ However, as they assert – and AIPAC itself boasts,⁸ AIPAC is

⁶ Finding evidence that is both relevant and revealing is difficult. Given the taboo nature of Israel as an issue in the mouths of elected officials, little empirical evidence exists on the lobby’s power to affect electoral outcomes. Accounts of the subtle pressure AIPAC applies to lawmakers to influence their vote, as well as a clear accounting of the manner in which AIPAC facilitates the financing of campaigns whose candidates it believes are sufficiently pro-Israel, are limited and always offered on the condition of anonymity. These facts speak to the ability of the lobby to effectively control public perception regarding their level of influence, thereby weakening the arguments of their critics who allege that such control exists.

⁷ Mearsheimer and Walt, 5.

⁸ On its website, www.aipac.org, AIPAC refers to itself as “America’s pro-Israel lobby,” even quoting the New York Times which wrote that AIPAC is, “the most important organization affecting America’s relationship with Israel.”

the most influential pro-Israel lobbying organization”⁹ and “clearly the most important and best known.”¹⁰ While part of a larger pro-Israel community – which includes the Zionist Organization of America, the Conference of Presidents of Major American Jewish Organizations, and the Anti Defamation League – AIPAC is the organization charged with lobbying Congress on behalf of pro-Israel interests as a whole. Their sole purpose is to “enact public policy that strengthens the vital US-Israel relationship . . . on numerous critical initiatives – from securing vital foreign aid for Israel to stopping Iran’s illicit nuclear program.”¹¹ Considering the lobby’s ability to directly affect legislation and impact the lawmakers who decide its fate, AIPAC effectively *is* the lobby as far as Congress is concerned. However, because the primary focus of this study is the influence of the lobby, and the nature of that influence is financial, the definition must include those groups that are central to the mobilization of campaign funds. Thus, for the purposes of this paper “the lobby” will be used to describe AIPAC and the associated pro-Israel Political Action Committees (PACs) whose actions are of great importance for evaluating the role of the pro-Israel community’s influence over Congress.

The Taproot of Influence

Some commentators maintain that the power of the pro-Israel lobby is overstated. Indeed, it is important to distinguish between pressure that can be attributed to the direct actions of the lobby and that which is the result of actions carried out by other, likeminded parties. Therefore, the essential question is: What is the source of the lobby’s influence? The answer is that its influence is twofold. First, the lobby has access to substantial financial resources with which to either support officials friendly to its agenda or potentially unseat those members of Congress who espouse positions seen as critical of Israel. Second, in light of their power and influence, fear among lawmakers of becoming a target of the lobby ensures silent acquiescence. These combined pressures have allowed the lobby to significantly limit the policy options available to lawmakers – including the president himself, thereby exerting tremendous influence over US foreign policy in the Middle East.

The lobby exerts its greatest influence in the halls of Congress. It is there that AIPAC campaigns on behalf of pro-Israel legislation and maintains significant access to individual congressmen and senators. However, its participation in this most common and necessary of lobbying tactics is not of great significance. It is instead the overwhelming amount of financial support that the lobby can marshal to the benefit or detriment of any given candidate that provides AIPAC its position of authority on Capitol Hill.

With regard to the financing of political campaigns, though AIPAC is not actually a Political Action Committee (PAC) and cannot legally fundraise for candidates, it possesses the necessary resources and clout to both direct funds toward and away from

⁹ Mearsheimer and Walt, 49.

¹⁰ *Ibid.*, 117.

¹¹ “Learn About AIPAC,” *AIPAC*, 22 Apr. 2008 <http://www.aipac.org/about_AIPAC/default.asp.

candidates as it sees fit. Adlai Stevenson III, in his unsuccessful bid for Governor of Illinois in 1982, attributed his loss (which was so closely contested it had to be decided by the Illinois Supreme Court) to the lobby, saying, “the Israeli lobby lowered the boom . . . [and] the funding dried up.”¹² Though he was not defeated, Representative James Moran faced a decrease “of several tens of thousands of dollars”¹³ in contributions during his 2004 re-election campaign based on comments he made suggesting that US support for Israel was the predominant reason for the US invasion of Iraq.¹⁴ According to the Center for Responsive Politics (CRP), a non-partisan organization which monitors both individual and PAC contributions, in the 2008 election cycle, pro-Israel PACs contributed a total of \$2,301,152 to various political campaigns.¹⁵ Further, this figure likely under represents the amount of money actually making its way into the campaign coffers of pro-Israel candidates. For example,

The Center categorizes individual contributions to candidates as being ideological only under strict conditions. For example, a contribution to a candidate will be considered to be pro-Israel only if the contributor gives to a pro-Israel political action committee *and* the candidate has received money from a pro-Israel PAC. Thus, the contribution figures attributed to ideological groups, including pro-Israel and pro-Arab interests, may be artificially low.¹⁶

Individual contributions to candidates targeted by AIPAC and others who have a strong pro-Israel stance are excluded from these assessments. Since contributors can give both to a PAC and to individual candidates, tracking the true level of pro-Israel financial support is quite difficult.

Adding to the level of complexity is AIPAC’s process of facilitating fundraising. As was mentioned earlier, AIPAC cannot legally contribute to political campaigns. AIPAC can, however, funnel contributions in other ways. Michael Massing’s interviews with AIPAC staffers reveal a system by which AIPAC facilitates the funding of congressional campaigns by connecting people “affiliated with AIPAC”¹⁷ to work as liaisons between the campaign and potential donors.

One congressional staff member told me the case of a Democratic candidate from a mountain state who, eager to tap into pro-Israel money, got in touch with AIPAC, which assigned him to a Manhattan software executive eager to move

¹² Michael Massing, “The Storm Over the Israel Lobby,” review of *The Israel Lobby and US Foreign Policy*, by John J. Mearsheimer and Stephen M. Walt, *The New York Review of Books*, June 8, 2006, 67.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ This is based on a comparison of data found here: *Opensecrets*, “Political Action Committees - Pro-Israel,” 3 Mar. 2008, The Center for Responsive Politics, 19 Sept. 2008 <<http://www.opensecrets.org/pacs/industry.asp?txt=Q05&cycle=2008>> and here *Opensecrets*, “Political Action Committees - Top PACs,” 3 Mar. 2008, The Center for Responsive Politics, 19 Sept. 2008 <<http://www.opensecrets.org/pacs/toppacs.php>>.

¹⁶ *Opensecrets*, “Pro-Israel/Pro-Arab Money,” 24 Apr. 2002, The Center for Responsive Politics, 22 Apr. 2008 <<http://www.opensecrets.org/news/pro-israel.pro-arab/index.asp>>. Emphasis added.

¹⁷ Massing, 67.

up in AIPAC's organization. The executive held a fund-raising reception in his apartment on the Upper West Side, and the candidate left with \$15,000. In his state's small market for press and televised ads, that sum proved an important factor in a race he narrowly won. The congressman thus became one of the hundreds of members who could be relied upon to vote AIPAC's way.¹⁸

If AIPAC is able to mobilize funds for candidates with no significant position in the Congress, who represent districts without a significant Jewish population, and with whom they establish contact on an unsolicited basis, then the implications for a race in which the lobby maintains a considerable vested interest are even clearer.

Weeding Out the Wicked

While the majority of the lobby's contributions represent funds earmarked for committed supporters of the pro-Israel agenda in Congress, a significant portion is utilized to unseat candidates who do not provide unconditional support for Israel. Through this effort, the lobby is able to both remove dissenting voices from Congress and, in doing so, communicate a threat of considerable force to other members. The message has become clear: Crossing the lobby is not an option.

The lobby's practice of targeting incumbent members of Congress began in 1980 and registered its first success in 1982 with the defeat of Paul Findley, an eleven-term Republican Congressman from Illinois. Despite his consistent support for all legislation providing US military and economic aid to Israel, Findley had privately advocated for speaking with the PLO (with whom the Carter administration had vowed not to speak) as part of an effort to further the peace process between Israel and the Palestinians. In a view similar to current Presidential candidate Barack Obama with respect to Iran, Findley asserts that "diplomatic communication with other parties . . . is a convenience to our government. It does not need to be viewed as an endorsement."¹⁹ Findley's willingness to work with the PLO was likely the chief reason behind AIPAC's campaign targeting him for replacement. Findley's outspokenness did not lead to his defeat in the 1980 election but he became increasingly viewed as a pariah by those within his own party.²⁰ Though he managed to win in 1980, Findley lost to Dick Durbin, now a US Senator and Senate Majority Whip, in 1982. In a contest decided by a margin of less than 1% of the overall vote, former AIPAC president Tom Dine was quoted as saying, "This is a case where the Jewish lobby made a difference. We beat the odds and defeated Findley."²¹ The "difference" that the lobby achieved was made explicitly clear by Dine himself who "estimated that \$685,000 of the \$750,000 raised by Durbin came from Jews."²²

In 1984, the lobby targeted Charles Percy, a popular Republican Senator from

¹⁸ Ibid.

¹⁹ Paul Findley, *They Dare to Speak Out: People and Institutions Confront Israel's Lobby*, (Westport, Conn: Lawrence Hill, 1985), 11.

²⁰ Ibid., 22.

²¹ Ibid.

²² Ibid.

Illinois and Chairman of the Senate Foreign Relations Committee. Percy committed three strikes against AIPAC's policy agenda and for that the lobby aimed to remove him from office. The first of Percy's "offenses" was his refusal to sign the AIPAC sponsored "Letter of '76" in opposition to President Ford's attempted reevaluation of US policy towards the Middle East.²³ Second were Percy's now famous statements regarding the relatively moderate stance of Yasser Arafat. Last was his support for the United States' decision to sell the highly sophisticated Airborne Warning and Control System (AWACS) to Saudi Arabia in 1981. Given that Percy's position as Chairman of the Senate Foreign Relations Committee was one of considerable influence, AIPAC deemed him "dangerous" to Israel and initiated an all-out attack to defeat him in the 1984 election.²⁴ Despite directing \$285,000 to Percy's opponent in the Republican primary, Percy won. In the general election, however, Percy's challenger, Representative Paul Simon "received more Jewish PAC money – \$270,000 – than any other candidate in the 1984 race," and won by 89,000 votes.²⁵ Simon won by the narrowest of margins, taking 50.2% of the vote to Percy's 48.6%.²⁶ In an election so closely decided, money seemed to play a pivotal role. In addition to the money directed to Simon's campaign, one wealthy AIPAC contributor "spent \$1.1 million on anti-Percy advertising in Illinois."²⁷ Once again, AIPAC director Tom Dine was effusive in his praise for the efforts of the Israel lobby: "All the Jews in America . . . gathered to oust Percy. And the American politicians – those who hold public positions now, and those who aspire – got the message."²⁸ Though these two examples are now more than twenty years old, attacks like those against Findley and Percy remain commonplace. As the AIPAC officials who spoke with Michael Massing informed him, "cases such as this 'happen almost once a year'."²⁹ Since 2002 there have been two high profile cases in which the lobby successfully unseated members of Congress whose positions they viewed as out of step with pro-Israel policies. These victories were at the expense of Democratic Representatives Cynthia McKinney and Earl Hilliard, both of whom represented southern, overwhelmingly African-American districts with small or negligible Jewish communities. Both McKinney and Hilliard were members of the Congressional Black Caucus, which did not vote for the joint House-Senate resolution that proclaimed solidarity with Israel against terrorism.³⁰ The lobby concerns over Hilliard seemed to stem from his trip to Libya in 1997 and his "outspoken support for a more even-handed

²³ Mearsheimer and Walt, 158.

²⁴ Edward Tivnan, *The Lobby: Jewish Political Power and American Foreign Policy*, (New York: Simon and Schuster, 1987), 189-190.

²⁵ *Ibid.*, 189-190.

²⁶ Samuel K. Gove, and Michael B. Preston, "State-Local (Chicago) Relations in Illinois: the Harold Washington Era, 1984," *Publius* Summer 1985: 151.

²⁷ Mearsheimer and Walt, 158.

²⁸ Mearsheimer and Walt, 158.

²⁹ Massing, 67.

³⁰ John Nichols, "An Alabama Primary That Went Global," *The Nation*, 27 June 2002, 22 Apr. 2008 <<http://www.thenation.com/blogs/thebeat?pid=79>>.

Middle East policy.”³¹ In both cases pro-Israel lobby money was a factor, though McKinney also faced considerable opposition not related to her stance on Israel.³² The race to unseat Earl Hilliard was largely decided, however, by the overwhelming financial support his opponent received from the national Jewish community, the direct result of Hilliard having become a target of AIPAC.

Earl Hilliard spent five terms in the House of Representatives, during which he was an outspoken advocate for Palestinian rights. Unlike in previous elections, Hilliard’s Democratic primary challenger for the seat in Alabama’s 7th Congressional district, Artur Davis – who had failed in his attempt to defeat Hilliard in 2000, received significant pro-Israel support in 2002. According to CRP, Artur Davis received more pro-Israel PAC money than any other Congressional candidate that year. In total, Davis received \$206,595, more than then House Minority Leader Dick Gephardt and incoming freshman Representative Rahm Emmanuel (now Chairman of the Democratic Caucus, and who is Jewish) combined.³³ The amount that Davis raised in the 2002 campaign is especially telling when compared with his fundraising total in 2000 when he was not supported by AIPAC. In the 2000 election Davis raised a paltry \$85,000, compared with \$879,368 for his 2002 campaign.³⁴ As mentioned, this figure does not account for the individual contributions made directly to the campaign by Jews from around the country.

One Israeli reporter, noticing the large number of donors with traditionally Jewish names on Davis’ Federal Election Commission (FEC) records, most of whom were from states other than Alabama, asserted that AIPAC’s influence was a major reason for Hilliard’s defeat.

What do the Adlers and Bergmans have to do with an unknown lawyer running for a Congressional seat from Alabama? Why should Jews from all over the United States send hundreds of thousands of dollars to his [Davis’] campaign . . . ? The answer can be found in the AIPAC index of pro-Israel congressmen. Hilliard, who once visited Libya, is paying (with) his Congressional seat for a number of votes the Jewish lobbyists didn’t like. The most recent vote was when he did not vote with the overwhelming majority of congressmen who passed a resolution in support of Israel’s war on terrorism. A little while later, his opponent, Davis, discovered that a shower of checks [were] pouring into his campaign chest. Most of the signatures on the checks had Jewish names. The message was clear[:] this is what happens to politicians who upset Israel’s friends.³⁵

³¹ Wayne Madsen, “Crushing Congressional Dissent: the Fall of Hilliard, Barr and McKinney,” Counterpunch, 22 Aug. 2002, 12 May 2008 <<http://www.counterpunch.org/madsen0822.html>>.

³² Most notably her outspoken comments regarding the events of September 11th and the highly publicized altercation she had with a Capitol Hill police officer.

³³ *Opensecrets*, “Top Recipients: Pro-Israel,” 9 June 2003, The Center for Responsive Politics, 22 Apr. 2008 <<http://www.opensecrets.org/industries/recips.asp?Ind=Q05&cycle=2002&recipdetail=H&Mem=N&sortorder=U>>.

³⁴ Nichols, <<http://www.thenation.com/blogs/thebeat?pid=79>>.

³⁵ Akiva Eldar as quoted in Nichols, <<http://www.thenation.com/blogs/thebeat?pid=79>>.

Further examination of Davis' records reveals that in at least one case he garnered the support of an individual who, with the exception of his contribution of \$1,000 to Davis two days prior to the primary election against Hilliard, had given exclusively to Republican candidates.³⁶ An interview with Robert Asher in the *New Yorker* magazine provides an even more direct link between AIPAC and Davis. Asher, who is one of the so-called "Gang of Four" – the group of former AIPAC presidents who allegedly direct the organization's policies – was the man responsible for recruiting Dick Durbin to run against Paul Findley and organizing Durbin's fundraising effort within the American Jewish community. In the interview, Asher admits that Mayer Mitchell (also of the Gang of Four) "helped direct support to Artur Davis . . . and [Mitchell] solicited donations from AIPAC supporters across America."³⁷

All of the officials who were ousted by the lobby advocated for a more balanced US position vis-à-vis Palestinian-Israeli relations. Each represented a moderate voice with regard to US policy toward Israel and for that – the greatest of transgressions as far as AIPAC is concerned – each was the target of a full-scale attack by the lobby. The effect of the lobby's ability to directly influence the political futures of any member of the US Congress, regardless of both the geographic and demographic character of her or his constituency, has made opposing AIPAC, in the words of former US President Jimmy Carter, "almost politically suicidal."³⁸ Hence the lobby, like a gardener removing weeds to maintain the consistency and appeal of his landscape, preserves unconditional US congressional support for Israel by removing officials that fail the pro-Israel litmus test.

The Payoff

The evidence presented shows a deliberate effort on the part of the lobby to remove from office those who present critical opposition to the pro-Israel agenda. While the bulk of this paper focuses on the means by which the lobby achieves its aims, it is important to explore more closely the fruits of the lobby's labor as well. This investigation reveals a matter of great importance: the fact that the Israel lobby, even in failure, achieves a significant portion of its objectives.

The Israel lobby's influence predates the deliberate ousting of elected officials. From the time the leaders of the Zionist movement such as Chaim Weizmann, Louis Brandeis, and Stephen Wise brought tremendous pressure to bear on US administrations – culminating in President Truman's recognition of the state of Israel just moments after it declared independence on May 14th, 1948 – there has existed an Israel lobby.³⁹ Over the ensuing decades and especially following the founding of AIPAC in 1953,

³⁶ This refers to the contribution of Robert Bluestein of Bloomfield Hills, MI.

³⁷ Jeffrey Goldberg, "Letter From Washington: Real Insiders a Pro-Israel Lobby and an F.B.I. Sting," *The New Yorker*, 4 July 2005, 23 Apr. 2008 <http://www.newyorker.com/archive/2005/07/04/050704fa_fact>.

³⁸ Mearsheimer and Walt, 160.

³⁹ Dan Tschirgi, *The Politics of Indecision Origins and Implications of American Involvement with the Palestine Problem*, (New York, NY: Praeger, 1983).

the Israel lobby has strengthened its ability to create an environment within which the US government is in effect forced to maintain a position of uncritical and unwavering support toward Israel. The lobby has become increasingly capable of achieving this aim by limiting the policy options available to both the executive and legislative branches of the US government. As a result of its unsurpassed lobbying efforts, the lobby has maintained for Israel an uncritical and unwavering relationship with the United States that includes the largest aid package awarded by the US to any country.

Examples of the lobby's influence over US-Israel policy are numerous, though those instances in which the lobby took on the president himself are perhaps most telling. During two consecutive administrations, those of Carter and Reagan, the lobby launched all-out offensives to derail both Presidents' plans to sell military aircraft to Saudi Arabia. The amount of pressure the lobby brought to bear in each of these examples is of interest because both took place prior to the lobby's effort of targeting specific officials for removal.

President Carter's 1978 plan to sell fifty F-5Es to Egypt, sixty F-15s to Saudi Arabia, as well as fifteen F-15s and seventy-five F-16s to Israel⁴⁰ was met with considerable opposition from the lobby. This was in no small part because of Carter's decision to "package" the sale in a manner which ensured that if lawmakers attempted to exclude the Saudi component of the deal then none of the parties would receive hardware. As a result of the considerable pressure mounted by AIPAC within Congress, Carter eventually consented to "unlocking the package,"⁴¹ thus allowing modification of the sale. Building support for the concession was made easier because of Congress' effort to reassert its authority in foreign policy decision making following years of relative weakness under the extremely powerful Nixon administration. The unlocking of the package allowed adjustments to be made, thereby preserving victory for Israel and ensuring narrow congressional approval for the sale. Among Carter's compromises was the sale of additional arms to Israel (including a provision which increased the number of F-15s delivered to Israel so that it equaled the number received by Saudi Arabia) and severe limitations on the jets the Saudis were to receive. These included Carter's promise not to sell Saudi Arabia "auxiliary fuel tanks that would allow the Saudi F-15s to fly to Israel, or bomb racks and air-to-air missiles that could give the F-15s offensive capabilities [or] AWACS."⁴² The administration had justified the proposed sale of fighter jets to the Saudis by claiming it was the means to establish closer ties with "'moderate' Arab states" in the region.⁴³ Though the sale was approved, the Israel lobby ensured that the balance of power in the Middle East remained heavily in their favor and that no military arrangement between the US and Arab states would modify that dynamic.

⁴⁰ Mitchell Geoffrey Bard, *The Water's Edge and Beyond Defining the Limits to Domestic Influence on United States Middle East Policy*, (New Brunswick, N.J.: Transaction, 1991), 39.

⁴¹ Ibid., 44.

⁴² Ibid.

⁴³ Bard, 40.

Perhaps the most important confrontation between the Israel lobby and a US President was the battle over President Reagan's decision to sell AWACS technology to Saudi Arabia. On advice from the US Department of State, ostensibly in response to the increased threat of Soviet expansion in the Middle East which the State Department claimed had resulted from continued instability in the region, President Reagan agreed to sell Saudi Arabia some of the F-15 enhancements that President Carter was forced to rescind from his original proposal. Though the new arms deal would include the air-to-air missiles omitted in the Carter sale, Reagan, in deference to the Israelis, preserved Carter's promise not to sell the Saudis bomb racks for the F-15s. Furthermore, the President offered the Israelis more than half a million dollars in credit for the purchase of military hardware, including the option to acquire additional F-15s.⁴⁴ While the lobby registered their dismay, Israel showed no signs of objection. That all changed once the Reagan administration decided to include AWACS technology in the sale.

Despite Reagan's efforts to assuage the fears of the Israelis brought on by the proposed sale – specifically those of Prime Minister Menachim Begin himself – through additional military inducements, the matter became a source of great contention in Congress. This battle pitted the Israel lobby against lobbyists representing the interests of Saudi Arabia, the wider Arab community, and the full leverage of Mobil, Boeing, and United Technologies, all of whom stood to gain from the sale. Those three corporate giants committed a tremendous amount of resources in their effort to encourage passage of the deal.⁴⁵ The lobby's most formidable opponent, however, was the President himself.

The House rejected the arms sale to Saudi Arabia overwhelmingly and the same result, though by a narrower margin of victory, was expected in the Senate. Just one day before the vote in the Senate, however, eight senators switched their votes and the sale passed by a margin of 52 to 48.⁴⁶ Though many others would attempt to take credit for the victory, the outcome was a result of President Reagan's intense commitment to the sale's passage. Reagan made his case by personally meeting “with seventy-five senators and [holding] private discussions with twenty-two Republicans, fourteen of whom voted for the sale [and] twenty-two Democrats [of whom he] convinced ten to vote his way.”⁴⁷ In the end, the very locus of controversy, the AWACS themselves, had been so stripped down as to be devoid of any significant capability in the face of Israel's military superiority.⁴⁸ Therefore, the sale that the Senate passed was so diluted by the lobby's efforts that the fight was more of a symbolic victory than anything tangible. What is more, the victory came at a tremendous cost to the President.

During the lead-up to the vote, Tom Dine, then President of AIPAC, remarked to Senate Majority leader Howard Baker in reference to the administration, “They may

⁴⁴ Ibid., 50.

⁴⁵ Tivnan, 153.

⁴⁶ Bard, 54.

⁴⁷ Ibid., 55.

⁴⁸ Tivnan, 155-156.

win . . . but in the end they would lose.”⁴⁹ Dine’s comment now seems prescient. In order to get the AWACS sale passed, President Reagan had to expend an enormous amount of political capital. Following the AWACS deal, Reagan was unable to sell “additional weapons to Arab states for the remainder of [his] first term.”⁵⁰ Reagan’s Secretary of State, George Shultz, sums up just what the President lost and what the lobby gained:

In early December [1982] . . . I got word that a supplement was moving through the lame-duck session of Congress to provide a \$250 million increase in the amount of U.S. military assistance to be granted to Israel: this in the face of Israel’s invasion of Lebanon, its use of cluster bombs, and its complicity in the Sabra and Shatila massacres! We fought the supplement and fought it hard. President Reagan and I weighed in personally, making numerous calls to senators and congressmen. On December 9, I added a formal letter of opposition saying that the supplement appeared ‘to endorse and reward Israel’s policies.’ Foreign Minister Shamir called President Reagan’s opposition ‘an unfriendly act,’ and said that ‘it endangers the peace process.’

The supplement sailed right by us and was approved by Congress as though President Reagan and I had not even been there. I was astonished and disheartened. This brought home to me vividly Israel’s leverage in our Congress. I saw that I must work carefully with the Israelis if I was to have any handle on Congressional action that might affect Israel and if I was to maintain congressional support for my efforts to make progress in the Middle East.⁵¹

In the fight over the AWACS, the lobby managed once again to implement so many conditions on the sale that what came to be characterized as their having “lost” the fight was as imaginary a victory for the Arab and oil lobbies as it was a defeat for the Israel lobby.

The days of heated congressional “showdowns” are over. Today, the United States’ ability to challenge Israeli positions is at a low point. Debate over the relationship between the two nations is virtually non-existent, as is the presence of a single outspoken critic of Israeli policy in either house of Congress. The policy options available to a US President who wishes to confront Israel over its actions vis-à-vis the Palestinians are few and of limited strength. The impotence of the George W. Bush administration is an excellent illustration of this point.

Following the attacks of September 11th, the Bush administration became increasingly aware that US support for Israeli actions against the Palestinians harmed America’s image in the Middle East. Of principal importance was the fact that such support could jeopardize America’s ability to combat terrorism. Evidence of President

⁴⁹ Ibid., 148.

⁵⁰ Bard, 58.

⁵¹ Shultz as quoted in John Mearsheimer and Stephen Walt, “Setting the Record Straight: a Response to Critics of “The Israel Lobby”,” *Macmillan*, 12 Dec. 2006, 14 May 2008. <http://us.macmillan.com/CMS400/uploadedFiles/FSGAdult/Setting_the_Record_Straight.pdf>.

Bush's understanding of this linkage became clear when, in October of 2001, he publicly declared his support for a Palestinian state. This created a good deal of tension between the Bush administration and the Sharon government in Israel, which feared Bush, as Sharon himself stated, was "trying to appease the Arabs at [Israel's] expense."⁵² However, it was the hard line Bush took with Sharon in regard to Israel Defense Forces (IDF) incursions into the Palestinian territories that mobilized the lobby. First, the lobby began by equating the American "War on Terror" with Israel's battle against Palestinian terrorism, an argument that included a comparison between Yasser Arafat and Osama bin Laden. This effort included the drafting of letters by various influential pro-Israel groups to administration officials stressing the need for solidarity with Israel in its efforts to defeat the threat of terrorism.⁵³ Most notably, in November of 2001, Bush received a letter from eighty-nine senators that "demanded that the United States not restrain Israel from retaliating against the Palestinians and insisted that the administration state publicly that it stood steadfastly behind Israel." According to a *New York Times* report, AIPAC had been influential in crafting the letter.⁵⁴

Possibly the most influential piece of evidence with regard to the lobby's power to influence the foreign policy of the United States was the so-called "Solidarity with Israel" vote of May 2002. The vote marked the end of a controversy during which President Bush had once again attempted to pressure the Sharon government to withdraw IDF forces from Palestinian lands over his concern that the US would be held partially accountable for Israeli actions. Despite opposition from the administration, both the House and Senate voted overwhelmingly to pass the "Solidarity" resolutions. The House of Representatives went even further and proposed a package that would provide Israel with \$200 million in order to fight terrorism. The Israel lobby supported the proposal and President Bush approved the aid.⁵⁵

Given all the evidence presented here, it is easy to see that the lobby's influence over the actions of Congress has grown in the past three decades. The lobby has successfully managed to control who occupies seats in Congress and, as a result, has placed strict limitations on all Israel-related matters. It should be pointed out that the manner in which the lobby has attained this level of influence is perfectly legal under US law. AIPAC's ability to bend even presidents to its will is due to the fact that the leadership understands the nature of the foreign policy decision making apparatus and the inherent power of Congress. While at Harvard, former AIPAC President Tom Dine wrote an op-ed which outlined how Congress could "exercise its constitutional foreign affairs powers effectively," given the exclusionary tactics being employed by the Ford administration.⁵⁶ What Dine laid out as a pathway to power for Congress – using the power of the purse and developing a more independent stance on foreign policy

⁵² Sharon quoted in Mearsheimer and Walt, 205.

⁵³ Ibid., 205-206.

⁵⁴ Ibid., 207.

⁵⁵ Mearsheimer and Walt, 210.

⁵⁶ Tivnan, 147.

.....
matters⁵⁷ – was also the means by which AIPAC would gain extraordinary influence over the crafting of US-Israel policy. In short, if Congress could be controlled, so could American foreign policy toward Israel.

Campaign Finance Reform:
Some Recommendations

The evidence provided in the previous section demonstrates that the lobby relies on its ability to influence the campaign finances of a given candidate and therefore his or her chances of winning an election. Thus, in order to lessen the influence of the lobby, and allow for a return to policy making that is a more balanced representation of special interest and public policy agendas, Congress must close the spigot and shut off private funds. What is needed is not additional campaign finance reform legislation, but a remodeling of the American electoral process from the current system which allows those with the most money to influence decision-making, into one in which campaigns are funded entirely by public resources. This would remove the undue influence that wealth provides.

The Watergate scandal serves as a monumental moment in the political consciousness of America. Accounts of the Nixon administration’s unethical and illegal tactics led to the loss of a considerable amount of trust in America’s relationship with its government. A significant result of this scandal was the clamoring for change in the way campaigns were funded and an increase in the amount of government oversight to prevent corruption. The product of this dissatisfaction was the Federal Election Campaign Act (FECA) of 1971.

Since the passage of FECA, there have been numerous efforts to establish limitations on how campaigns receive and disburse contribution money. However, none of the legislation (including FECA itself) addresses the elimination of private funds as an acceptable source of campaign finance; instead, they focus solely on the process by which money flows to and from campaigns and political parties. With each new piece of campaign finance reform legislation, political parties, candidates, and interest groups simply find new ways to continue directing an ever increasing stream of funds into the electoral process. As a result, elected officials remain beholden to those groups who help them access large sums of campaign contributions to win elections.

A 1974 amendment to FECA established the Federal Election Commission as the organization responsible for overseeing all federal elections. Of greater significance was the amendment’s introduction of limitations on contributions to campaigns by individuals and political parties and, most importantly, its ban of all contributions by corporations and unions.⁵⁸ Fearful that this would mean the end of the lobby’s ability to influence Congressional votes, a prominent member of the American Jewish Committee, Rita Hauser, said these new restrictions “eliminated the strongest weapon the Jewish

⁵⁷ Ibid.

⁵⁸ Paul Herrnson, “The Bipartisan Campaign Reform Act and Congressional Elections,” in *Congress Reconsidered*, ed. Lawrence C. Dodd and Bruce I. Oppenheimer, (Washington, D.C: CQ P, 2005), 108.

community exercised in influencing the selection of nominees in both political parties.”⁵⁹ Concern over the limitations of FECA was short lived, however, as it was in response to the new FECA regulations that the Political Action Committee was born. Though one avenue of transferring funds was closed, loopholes in the legislation allowed this new form of funneling contributions to open, and the steady stream of contributions continues virtually unabated.

While the new federal limits specified in FECA allowed individuals to contribute no more than \$1,000 to a campaign in each election cycle, the same person could give up to \$5,000 per year to a PAC. PACs also face limitations, however, and are permitted to contribute no more than \$15,000 per candidate per election.⁶⁰ Despite eliminating access to the types of large individual contributions which drove the electoral process of the pre-FECA age, amendments to the act in 1979 allow for political parties to raise unlimited “soft money.”

Though ostensibly created to cover both administrative and political organizing costs (e.g. voter registration drives), parties utilized “soft money” to divert resources for “coordinated campaigns” in states with highly competitive races and to launch “issue advocacy campaigns.”⁶¹ With individual contributions to a political party capped at the astronomical sum of \$20,000 per year, wealthy individuals had the ability to influence not only the way in which the party directed those funds, but its political platform as well. This was a boon for all interest groups, but given the Israel lobby’s history of fundraising – through organizations such as the United Jewish Appeal and Israel Bonds, adapting to these new parameters proved easy, giving the lobby little challenge in influencing elections.⁶²

The most recent campaign finance legislation, the Bipartisan Campaign Reform Act (BCRA) was passed in 2002. As with the public’s reaction to Watergate, the BCRA is a response to perceptions of the negative influence of money on politics. Public opinion polls illustrate Americans’ distrust of campaign contributions, citing them as “a major source of corruption.”⁶³ These polls also provide evidence suggesting that the public has concerns as to whose interests elected officials serve when legislating.

Considerable numbers of Americans . . . were found to believe that members of Congress sometimes cast their votes based on what big contributors to their party want and that the will of big contributors takes precedence over the views of constituents.⁶⁴

The BCRA, also known as McCain-Feingold, was born out of this increasing public perception of corruption in campaign politics, and was signed into law by

⁵⁹ Tivnan, 85.

⁶⁰ Ibid., 85-86.

⁶¹ Herrnson, 109.

⁶² Tivnan, 86.

⁶³ Herrnson, 113.

⁶⁴ Ibid., 114.

President Bush on March 27, 2002. The law consists of two major components: a ban on "soft money" and an increase in the federal limit on individual contributions.⁶⁵ The act also contains provisions which create strict regulations on all "electioneering communications"⁶⁶ which, while of concern to political parties and groups such as labor unions who have traditionally relied on television, radio and print ads, are eschewed by the Israel lobby and, thus, this development matters little to them. Given the lobby's reliance on their ability to influence Congress through both individual and PAC contributions to candidates and national parties, the former two major developments were of great importance.

The BCRA increased the individual contribution limit from \$1,000 to \$2,000 and the aggregate biennial limit from \$50,000 to \$90,000.⁶⁷ Some Democratic opponents of the legislation feared that the increase in individual contributions would be to the benefit of Republicans, specifically George W. Bush, who tend to raise larger sums of money. Additionally, pundits claimed that the removal of "soft money" from the equation would greatly weaken the Democrats' competitive position vis-à-vis the Republicans.⁶⁸ National party fundraising totals are especially telling of the lobby's continued influence given that, since 1990, the lobby's pro-Israel PACs have contributed approximately \$42 million to the Democratic party, out of their roughly \$64 million in total contributions. Therefore, this prediction, if realized, might have damaged the lobby's influence if their base of support lay more with the Democratic than the Republican Party. In 2004, with the first election to be carried out under the new laws, however, the Democratic nominee for president, John Kerry, raised \$234.6 million to George Bush's \$269.6 million, hardly the vast difference feared by opponents of the legislation. On the contrary, for the Democrats this sum represented the largest amount ever raised by a nominee, exceeding by six-fold the closest previous total.⁶⁹ Furthermore, parties (especially the Democrats) raised unprecedented sums despite the "soft money" ban. "By the end of June [2004], the three Democratic committees⁷⁰ had already raised \$230 million in hard money alone, compared to \$227 million in hard and

⁶⁵ The Bipartisan Campaign Reform Act of 2002, Public Law 107–155, US Statutes at Large 116 (2002): 81. 22 Apr. 2008. <http://thomas.loc.gov/cgi-bin/toGPObsspubliclaws/http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=107_cong_public_laws&docid=f:publ155.107.pdf>.

⁶⁶ Ibid.

⁶⁷ The United States, Federal Elections Commission, *Contribution Limits*, 21 Apr. 2008 <<http://www.fec.gov/pages/brochures/contriblimits.shtml>>. According to the FEC website, "these contribution limits are increased for inflation in odd-numbered years" and currently stands at \$2,300 per candidate campaign and \$98,200 for the aggregate total.

⁶⁸ Anthony Corrado, and Thomas E. Mann, "Despite Predictions, BCRA Has Not Been a Democratic 'Suicide Bill'" Brookings Institution, 26 July 2004, Brookings Institution, 22 Apr. 2008, <http://www.brookings.edu/articles/2004/0726uspolitics_corrado.aspx>.

⁶⁹ The United States, Press Office, Federal Elections Commission, *Presidential Finance Summary*, 3 Feb. 2005, 22 Apr. 2008 <<http://www.fec.gov/press/press2005/20050203pressum/20050203pressum.html>>.

⁷⁰ This refers to the Democratic National Committee, Democratic Congressional Campaign Committee, and the Democratic Senatorial Campaign Committee. The former is the party's national committee and the latter two are the committees responsible for managing the parties dealings in both the House and Senate elections, respectively.

soft money combined at this point in the 2000 election cycle.”⁷¹

While AIPAC does not directly control any of the pro-Israel PACs, its activities are seen by some as possibly violating the law governing lobbying organizations. For example, AIPAC spokeswoman Rebecca Needler disputed charges that the organization actively sought Hilliard’s and McKinney’s defeat: “AIPAC is not a PAC and does not rate or endorse candidates While AIPAC does represent mainstream Jewish opinion on many issues, sometimes people confuse AIPAC with the pro-Israel community or American Jews at large.”⁷² In fact, what the AIPAC spokeswoman left out is that AIPAC *cannot* fundraise for candidates as it is illegal for any lobby to solicit campaign contributions,⁷³ one area in which AIPAC walks a fine line. Thus far, only one case has been brought against AIPAC for their alleged violations of this law. In the 1995 case of *Akins v. FEC*, a federal judge ruled against the appellant’s claim that AIPAC was a “political committee,” which if upheld would have stripped AIPAC of its status as a lobbying institution.⁷⁴

This evidence suggests that both FECA and all subsequent amendments including the BCRA have done virtually nothing to stem the tide of private money in politics or to limit the influence of special interest groups. While the appearance of reform has been trumpeted, existing legislation has only closed the more visible avenues through which campaigns attract funds, and forced special interests to find new means to achieve the same goals. Ironically, opponents of the BCRA complain that limits on campaign finance are violations of the right to free speech guaranteed by the Constitution, yet the campaign finance system is hardly reflective of popular opinion. Instead, it remains one in which the special interest groups, often representing the most parochial concerns, with the largest war chests have the loudest voice. Existing campaign finance legislation does nothing to address the inherent problems that stem from an electoral system awash in massive amounts of private money. As a result, the lobby maintains a free hand in its ability to influence Congress, thereby limiting debate and ensuring that the US maintains a pro-Israel line.

Moving Forward

Proponents of publicly funded campaigns cite many additional reasons why such a system would be a boon to lawmakers and citizens alike. Most notably, advocates reference the amount of time legislators spend fundraising, which detracts from their focus on issue-related efforts. Additionally, the large expenses that have become part and parcel of campaigns prevent less affluent individuals from running for office, as they can neither afford to bear the cost personally, nor do they have access to a large

⁷¹ Corrato and Man, <http://www.brookings.edu/articles/2004/0726uspolitics_corrado.aspx>.

⁷² Thomas B. Edsall, “Muslims Aid Embattled House Member; Lawmaker Opposed Pro-Israel Resolution; Rival Backed by Jewish Leaders,” *The Washington Post*, August 2, 2002, sec. A: 06, Final ed.

⁷³ Tivnan, 85.

⁷⁴ *Akins James v. FEC*, no. 94-5088, United States Court of Appeals - District of Columbia Circuit, 29 Sept. 1995, <<http://www.ll.georgetown.edu/federal/judicial/dc/opinions/94opinions/94-5088a.html>>.

pool of wealthy donors.⁷⁵ Public funding schemes offer solutions to both of these major issues.

Though it represents the most promising avenue through which change can be affected, public funding of campaigns is the “least developed component of campaign finance regulation.”⁷⁶ Existing campaign finance legislation has instead been limited to the closure of only the most obvious gaps in the existing legislation. One critic of campaign finance reform points out that, ironically, “today’s biggest loopholes were yesterday’s reforms.”⁷⁷ The process of trying to reform a system which is inherently corrupt and manifestly broken is akin to adding a brand new wing onto a dilapidated shanty. Remedies that attempt to adjust existing campaign finance laws can do nothing to fix the system’s inherent problems. What is required is a new system wherein all federal elections are publicly funded. The BCRA and its predecessors rely on contribution limits and the enforcement of disclosure procedures in their attempt to regulate the influence of private funding in federal campaigns. While these measures may increase transparency to some degree, they do nothing to provide candidates with an alternative source of financing for their campaigns. Thus they remain beholden to wealthy contributors.⁷⁸ This concern is likely to be exacerbated in the coming years as costs associated with running a campaign continue to increase.

Conclusion

The United States has damaged its standing in the Middle East through its mismanagement of the Iraq war and its flouting of international law in its treatment of suspected terrorists. What is worse, however, is the United States’ refusal to confront the detrimental consequences of its relationship with Israel on America’s standing in the Arab world. Former US President Jimmy Carter recently commented that there was no debate in the United States regarding Israel’s policies.⁷⁹ What Carter neglected to mention is the root cause of this phenomenon, which at its core, is the influence exerted by the Israel lobby because of its ability to direct funds to the campaigns of those candidates who support its agenda despite restrictions set in place by current campaign finance legislation. While the lobby’s approach is far from unique, its vast influence threatens American interests. Based on the evidence presented in this paper, the manner in which the pro-Israel lobby maintains immense influence over Congressional seats as well as the discussion of matters involving Israel within its halls is clear.

One encouraging sign is the desire among some members of Congress to see a

⁷⁵ “Campaign Finance: Clean Money Campaign Reform,” Campaign Finance Reform Proposals, Hoover Institution, Stanford University, 22 Apr. 2008 <<http://www.campaignfinancesite.org/proposals/cleanreform.html>>.

⁷⁶ Richard Briffault, “Reforming Campaign Finance Reform: a Review of Voting with Dollars,” *California Law Review* 91.3 (2003): 647.

⁷⁷ Bradley Smith, “Why Campaign Finance Reform Never Works,” 20 Mar. 1997, Cato Institute, 23 Apr. 2008 <http://www.cato.org/pub_display.php?pub_id=6183>.

⁷⁸ Briffault, 645-647.

⁷⁹ President Carter mentioned this in a speech at the American University in Cairo on April 17th, 2008.

change in the relationship between US legislators and the Israel Lobby. The founder of the National Council on US-Arab relations, John Duke Anthony, recently remarked that many members of Congress, for whom he regularly leads tours around the Middle East, complain frequently about their dissatisfaction with the leverage exerted by the pro-Israel lobby in the US government and of being handicapped in their ability to affect US-Israel policy.⁸⁰ This suggests that the lobby's influence among several members of Congress is rather shallow. While the lobby has applied a sufficient amount of pressure to garner solid support for their agenda, they may have not managed to genuinely persuade members of their position. The fact that certain members do not wholeheartedly support the lobby's assertion that Israeli and American interests are one in the same provides an opportunity to produce a change in US policy toward Israel; that is, of course, if the lobby's leverage can be reduced.

The lobby's influence is of considerable significance when one examines the violent consequences that result from America's close relationship with Israel. The United States' unconditional support for Israel has handicapped America's ability to play the role of mediator in the Israeli-Palestinian conflict, whose unresolved status is at the very heart of most anti-American and anti-Israeli sentiment. In order to be effective, any effort to repair the United States' damaged relationship with the Arab world will require the inclusion of measures to limit the influence of the pro-Israel lobby as well as Israeli policies that prevent a peaceful resolution to the Palestinian conflict. Absent this reform, the already "endangered species"⁸¹ of Israel critics within the US Congress will become extinct. Without these critical voices, the likelihood that the US can forge a more productive foreign policy in the Middle East is substantially decreased.

Special interest groups' parochial agendas are dangerous because they do not reflect the attitudes or desires of the wider citizenry. The undue influence they wield as a result of weak campaign finance regulation alters the nature of the democratic system, in that elected officials become beholden to those who can aid them in their bid for re-election. If America is to win the "War on Terror" and develop a new relationship with the peoples of the Middle East, it will have to take a more balanced approach to its relations with Israel, one respectful of the opinions of the Arab states. Lessening the power of the Israel lobby will be an essential component of any such attempt.

⁸⁰ Group discussion with John Duke Anthony at the American University in Cairo, March 4, 2008.

⁸¹ Mearsheimer and Walt, "John Mearsheimer and Stephen Walt: the Israel Lobby," <http://www.lrb.co.uk/v28/n06/mear01_.html>.



Bibliography

- “ABC News: The Numbers.” ABC. <<http://blogs.abcnews.com/thenumbers/2008/03/index.html>> (accessed Oct. 15, 2008).
- “AIPAC - Learn About AIPAC.” AIPAC - America’s Pro-Israel Lobby. http://www.aipac.org/about_AIPAC/default.asp (accessed Apr. 22, 2008).
- Akins v. FEC*, 101 F.3d 731 322 USApp.D.C. 58, 65 USLW 2389. United States Court of Appeals - District of Columbia Circuit. 29 Sept. 1995. <http://www.ll.georgetown.edu/federal/judicial/dc/opinions/94opinions/94-5088a.html> (accessed Apr. 22, 2008).
- Bard, Mitchell Geoffrey. *The Water’s Edge and Beyond: Defining the Limits to Domestic Influence on US Middle East Policy*. New Brunswick: Transaction Publishers, 1991.
- Briffault, Richard. “Reforming Campaign Finance Reform: a Review of Voting with Dollars.” *California Law Review* 91 (2003): 643-684, <http://www.jstor.org/stable/3481372>.
- Brom, Shlomo. “From Rejection to Acceptance: Israeli National Security Thinking and Palestinian Statehood.” *USIP Special Report*, No. 177. Washington, DC: United States Institute of Peace, (2007).
- “Campaign Finance: Clean Money Campaign Reform.” Campaign Finance Reform Proposals. <http://www.campaignfinancesite.org/proposals/cleanreform.html> (accessed Apr. 22, 2008).
- “Clean Elections Campaign Reform, 1, 2, 3 | Public Campaign.” Public Campaign | Clean Money Clean Elections. <http://www.publiccampaign.org/clean123> (accessed Apr. 22, 2008).
- “Clean Elections Winners: Election Results | Public Campaign.” Public Campaign | Clean Money Clean Elections. <http://www.publiccampaign.org/CleanElectionsWinners> (accessed Apr. 22, 2008).
- “Contribution Limits Chart 2007-08.” Federal Election Commission. <http://www.fec.gov/pages/brochures/contriblimits.shtml> (accessed Apr. 21, 2008).
- Corrado, Anthony, and Thomas E. Mann. “Despite Predictions, BCRA Has Not Been a Democratic ‘Suicide Bill’ - Brookings Institution.” Brookings - Quality. Independence. Impact.. http://www.brookings.edu/articles/2004/0726uspolitics_corrado.aspx (accessed Apr. 22, 2008).
- Edsall, Thomas B.. “Muslims Aid Embattled House Member; Lawmaker Opposed Pro-Israel Resolution; Rival Backed by Jewish Leaders.” *The Washington Post*,

Aug. 2, 2002. <http://0-www.lexisnexis.com.lib.aucegypt.edu/us/Inacademic/search/newssubmitForm.do> (accessed Apr. 23, 2008).

Findley, Paul.. *They Dare to Speak out People and Institutions Confront Israel's Lobby*. New York, New York: Lawrence Hill & Co., 1985.

Goldberg, Jeffrey . “Letter From Washington: Real Insiders a Pro-Israel Lobby and an F.B.I. Sting.” *The New Yorker*, July 4, 2005. http://www.newyorker.com/archive/2005/07/04/050704fa_fact (accessed Apr. 23, 2008).

Gove, Samuel K. , and Michael B. Preston. “State-Local (Chicago) Relations in Illinois: the Harold Washington Era, 1984..” *Publius* 15 (1985): 143-154, <http://www.jstor.org/pss/3329983>.

Herrnson, Paul. “The Bipartisan Campaign Reform Act and Congressional Elections.” *Congress Reconsidered*, edited by Lawrence C. Dodd and Bruce I. Oppenheimer, 107-135. Washington, D.C: CQ Press, 2005

“How Clean Elections Works | Public Campaign.” Public Campaign | Clean Money Clean Elections. <http://www.publiccampaign.org/node/34047> (accessed Apr. 23, 2008).

Jones, Jeffrey M.. “Bush Approval Rating Down to 60% Among Republicans.” Gallup.com. <http://www.gallup.com/poll/107128/Bush-Approval-Rating-Down-60-Among-Republicans.aspx> (accessed May 15, 2008).

Madsen, Wayne. “Wayne Madsen: Crushing Congressional Dissent.” CounterPunch: Tells the Facts, Names the Names. <http://www.counterpunch.org/madsen0822.html> (accessed May 12, 2008).

Massing, Michael. “The Storm Over the Israel Lobby.” *New York Review of Books*, June 8, 2006.

Mearsheimer, John J., and Stephen M. Walt. “LRB John Mearsheimer and Stephen Walt: The Israel Lobby.” *London Review of Books*. http://www.lrb.co.uk/v28/n06/mear01_.html (accessed Apr. 22, 2008).

_____. “Setting the Record Straight.” *Macmillan.com*. us.macmillan.com/CMS400/uploadedFiles/FSGAdult/Setting_the_Record_Straight.pdf (accessed May 14, 2008).

_____. *The Israel Lobby and US Foreign Policy*. New York: Farrar, Straus and Giroux, 2007.

Nichols, John. “An Alabama Primary That Went Global.” *The Nation*. www.thenation.com/blogs/thebeat?pid=79 (accessed Apr. 22, 2008).

“Online NewsHour: Bin Laden’s Fatwa.” PBS. http://www.pbs.org/newshour/terrorism/international/fatwa_1996.html (accessed Apr. 22, 2008).

- “Political Action Committees - Top PACs.” OpenSecrets. www.opensecrets.org/pacs/topacs.asp (accessed Apr. 22, 2008).
- “Presidential Finance Summary.” Federal Election Commission. <http://www.fec.gov/press/press2005/20050203pressum/20050203pressum.html> (accessed Apr. 22, 2008).
- “Pro-Israel/OpenSecrets.” OpenSecrets. <http://www.opensecrets.org/pacs/industry.asp?txt=Q05&cycle=2008> (accessed Apr. 22, 2008).
- “Pro-Israel/Pro-Arab Money.” OpenSecrets. www.opensecrets.org/news/pro-israel-pro-arab/index.asp (accessed Apr. 22, 2008).
- “Pro-Israel: Top Recipients | OpenSecrets.” OpenSecrets. <http://www.opensecrets.org/industries/recips.asp?Ind=Q05&cycle=2002&recipdetail=H&Mem=N&sortorder=U> (accessed Apr. 22, 2008).
- Saad, Lydia. “Congress’s Approval Rating Ties Lowest in Gallup Records.” Gallup.com. <http://www.gallup.com/poll/107242/Congress-Approval-Rating-Ties-Lowest-Gallup-Records.aspx> (accessed May 15, 2008).
- “Senate Fair Elections Now Act | Public Campaign.” Public Campaign | Clean Money Clean Elections. <http://www.publiccampaign.org/fair-elections-now-summary> (accessed Apr. 23, 2008).
- Smith, Bradley. “Why Campaign Finance Reform Never Works.” The Cato Institute. http://www.cato.org/pub_display.php?pub_id=6183 (accessed Apr. 23, 2008).
- “States/Localities with Clean Elections | Public Campaign.” Public Campaign | Clean Money Clean Elections. <http://www.publiccampaign.org/where> (accessed Apr. 23, 2008).
- Tivnan, Edward. *The Lobby: Jewish Political Power and American Foreign Policy*. New York: Simon and Schuster, 1987.
- Tschirgi, Daniel. *The Politics of Indecision: Origins and Implications of American Involvement with the Palestine Problem*. Westport, CT: Praeger Publishers, 1983.



Ryan Castle *Ryan Castle is in his third semester of the Professional Development specialization in the Political Science Masters program at AUC. When he is not writing papers, he is teaching high school refugee students, writing grants for St. Andrew's Refugee Services and helping students at the AUC Writing Center.*



The Rise of Modern Islamic Banking and Its Political Implications in the Middle East and North Africa

The rise of Islamic capital may be looked at in the history of the Middle East and the Muslim World as the economic phase of independence that followed the political phase.¹

Islamic banks have simply to convince the public that their competitors—that is, the conventional banks—are illicit and so anyone who deals with them is destined to go directly to hell. Who could dream of a better marketing tactic, one so potent that it not only sends competitors out of the market, but also to hell?²

Introduction

At first glance, it seems obvious that a revival of Islamic piety primarily prescribes the rise of Islamic banking and finance. Relying on the semantics of *Islamic* banking denies several political, social, and economic considerations that fostered the growth of the Islamic economic sector. The introductory quotations briefly point to two non-religious considerations. As this paper contends, primarily political and economic causes, varying in degrees of importance from country to country in the Middle East and North Africa (MENA), are the major forces that contributed to the rise of modern Islamic banking and finance.

“In every economy, there is a need to transfer funds from savers to entrepreneurs. This function is performed through the process of financial intermediation in the financial markets, where banks are the most important operators.”³ This paper examines the factors contributing to the creation of Islamic banks as an intermediary for savings in the MENA. The questions to be answered are: To what extent did the state and political

¹ Mohja Kahf, “Islamic Banks: The Rise of a New Power Alliance of Wealth and Shari’a Scholarship.” In *The politics of Islamic Finance*, edited by Clement M. Henry and Raymond Wilson, 17-36. (Edinburgh, Scotland: Edinburgh University Press, 2004), 32.

² Samer Soliman, “The Rise and Decline of the Islamic Banking Model in Egypt.” In *The Politics of Islamic Finance*, edited by Clement M. Henry and Raymond Wilson, 265-85. (Edinburgh, Scotland: Edinburgh University Press, 2004), 266.

³ Philip Molyneux and Munawar Iqbal, *Banking and Financial Systems in the Arab World*. (New York, NY: Palgrave MacMillan, 2005), 146.

Islamist opposition have a stake in the creation and rise of Islamic banks? What are the political implications of the existence of Islamic banking?⁴

The status of Islamic banking throughout the MENA varies according to government allowance. Henry holds that Islamic banks “eke out a very marginal presence in Algeria, Lebanon and Tunisia,” while they are completely non-existent in Iraq, Libya, Morocco, Oman, and Syria.⁵ On the other hand, Pakistan, Iran, and Sudan have fully Islamicized their banking and financial structure.⁶ The analysis and discussion below focuses on neither of these above groupings, as neither of these groupings provide evidence of the political causes and effects of Islamic banking within a mixed financial system. Thus, Bahrain, Egypt, Jordan, Qatar, Saudi Arabia, Turkey, the United Arab Emirates, and Yemen are those states in the MENA that fit within this paper’s analysis of causes of Islamic finance and its political implications.

An analysis of five factors behind the birth of modern Islamic banking will be conducted to prove that, although all five factors are legitimate, a combination of political power maintenance and desire for financial profit is the root cause behind the birth, rise, and continued growth of Islamic banking. The factors to be analyzed are: (1) the combination of oil wealth and pan-Islam of the early 1970s, (2) socio-economic development, (3) capitalist profit and general principles of capitalist economic efficiency, (4) governments’ attempts to legitimize themselves in the eyes of their pious citizens and Islamist opposition parties, and (5) Islamist parties’ attempts to legitimize their agendas in the eyes of their supporters.

This paper begins with a definition of the Islamic conception of banking. The definition is a contentious issue, for many Islamic economists have varying accounts and interpretations of what is permissible economically under Islam. To achieve a general definition, this paper explains five aspects that constitute the policies of all Islamic banks. These include concepts of interest, lending, investing, and moral investment practices.

After defining the Islamic bank, an outline of the history of the creation of Islamic banking will be discussed. Although this paper focuses on the MENA, without the philosophical contributions of Islamic economics within a modern economic structure by Pakistani and Indian Muslim economists, Islamic economics, banking, and finance would not have been able to succeed when all other religious, social, economic, and political factors were in place.⁷ The theoretical ground had to be established before

4 From now on this paper uses the term ‘Islamic banking’ to include any Islamic economic conception such as investment finance and insurance. Although the analysis limits itself to banking concepts and history, political causes and implications discussed are equally applicable to modern Islamic finance and insurance commodities.

5 Clement M. Henry and Rodney Wilson, “Introduction.” In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson. (Edinburgh, Scotland: Edinburgh University Press, 2004), 8.

6 Ibrahim Warde, *Islamic Finance in the Global Economy*, 112.

7 Timur Kuran, “The Discontents of Islamic Economic Morality.” *The American Economic Review* 86, 2, Papers and Proceedings of the Hundredth and Eighth Annual Meeting of the American Economic Association San Francisco, CA, January 5-7, 1996, 438-42, 1996.

any banker knew how a modern Islamic bank could function.

The next section analyzes the five factors that contributed to the rise of Islamic banking, followed by a discussion of certain authors' analyses of the political implications that an Islamic banking sector brings. Finally, this paper concludes with the role politics play in the survival of Islamic banking as a viable alternative to the conventional Western conception of banking.

Definition of Islamic Banking

Islamic banking practices vary from bank to bank and country to country, but certain universal characteristics and common contentious issues predominate. These universals are *riba* (increase, or usury), *murabaha* (mark-up), *mudaraba* (trust finance), *musharaka* (equity participation), and an Islamic investment morality.

Interest rates on money, referred to as *riba*, are against Islam according to the Koran. There are differing views on what constitutes interest as accepted by the Koran. Al-Fangari explains that a pragmatic view interprets *riba* as occurring “when the sum of which is added to the loanable funds is exorbitantly high, and thereby is used by the lenders to exploit the borrowers.”⁸ Thus, fair rates of interest are allowable in modern banking and finance. Saeed contends that “any increase (real or nominal) in a loan which accrues to the creditor would be *riba*.”⁹ However *riba* is interpreted, the modification or banning of interest is the main characteristic of Islamic banking.¹⁰

To avoid practicing *riba*, several saving, lending, and investing options have been devised by Islamic scholars. The first of three to be discussed is *murabaha*. Lewis and Algaoud state that this form of financing is the most common in Islamic banking, whereby “the bank finances the purchase of a good or asset by buying the item on behalf of its client and adding a mark-up before reselling the item to the client.”¹¹ The mark-up is (arguably) not considered a disguised interest because the bank is selling a commodity to the client, rather than selling money to the client.¹²

A *mudaraba* contract involves the client investor in the bank and the bank's management. The bank pools one or many clients' investments together to finance a project with the intent to make profit on the success of the project. “Financial loss is borne by the capital owner [investor]; the loss to the manager [bank] being the opportunity cost of his own labour, which failed to generate any income for him.”¹³ This form of financing generally applies to short-term investment.

The *musharaka* form of financing is quite similar to the previously discussed *mudaraba*, except that the owner of the project, the entrepreneur, invests some of his

⁸ Elias Kazarian, *Finance and Economic Development: Islamic Banking in Egypt*. (Lund, Sweden: University of Lund, 1991), 57.

⁹ Abdullah Saeed, *Islamic Banking and Interest: A Study of the Prohibition of Riba and its Contemporary Interpretation*. (Leiden, The Netherlands: E. J. Brill, 1996), 1.

¹⁰ *Ibid.*, 3.

¹¹ Mervyn K. Lewis and Latifa M. Algaoud, *Islamic Banking*. (Cheltenham, UK: Edward Elgar, 2001), 52.

¹² *Ibid.*, 53.

¹³ Molyneux and Iqbal, *Banking and Financial Systems*, 168.

own financing, or equity, into the project. Lewis and Algaoud state that this allows the entrepreneur to partake in some of the profit, take on some of the losses, and act in a managerial role he/she would otherwise not undertake in the *mudaraba* contract.¹⁴

The predominant and established forms of financing used to offset the practice of *riba* are tools used to invest in businesses and development schemes that adhere to the economic moral code of Islam. This prevents Islamic banks from “investing in industries with connections to, among others, alcohol, gambling, tobacco, weapons and pork-related products.”¹⁵ Kazarian furthers the discussion of the moral code of Islamic banks by stating that luxury goods and activities should not be invested in until basic and essential services are met for the Muslim community, for when basic needs are met, this allows for the religious freedom of Muslims.¹⁶

Islamic banking provides a much greater variety of services, but the five outlined principles above are its main characteristics. A simple definition for this paper reads as such: through three basic modes of financing to counter interest-based banking, Islamic banking invests its clients’ deposits in business activities that adhere to Islamic economic and moral codes. To achieve legitimacy as an Islamic institution, banks must hold to these moral principles for fear of losing Muslim clients, compromising Islamic group or political party endorsement of the bank, and losing the approval of governments who wish to see Islamic banks as a socio-economic concession to its Islamic-minded citizens.

A History of Modern Islamic Banking

The first interest-free banking system in modern times in the MENA developed in Egypt. The Mit Ghimr Bank, modeled on post-World War II mutual saving schemes in Germany,¹⁷ provided interest free loans to impoverished clients in the Nile Delta beginning in 1963. However, Soliman does not regard this bank as Islamic because it did not in name regard itself as an Islamic institution, only an interest-free lending enterprise.¹⁸ “The experiment lasted till 1967, by which time there were nine banks in operation, including those in Cairo, with more than 250,000 depositors and a total of 1.8 million Egyptian pounds in deposits.”¹⁹ The reason for Mit Ghimr’s closure, says Dr. Ahmed al-Najjar, its founder, is “that Egyptian leftists saw a threat to the ascendancy of their ideology in the social mobilisation of the poor under an Islamic rubric and within an institutional framework that escapes governmental control.”²⁰ In 1972 the Nasser

¹⁴ Lewis and Algaoud, *Islamic Banking*, 42, 49.

¹⁵ Karen Iley and Mona Megalli, “Western Banks Eye Billion Dollar Islamic Market.” 8 August 2002. Reuters.com. http://site.securities.com/doc_pdf?pc=IG&sv=IFIS&doc_id=69523825 (accessed October 29, 2007), Par. 10.

¹⁶ Kazarian, *Finance and Economic Development*, 61.

¹⁷ Warde, *Islamic Finance in the Global Economy*. (Edinburgh, Scotland: Edinburgh University Press, 2000), 73.

¹⁸ Soliman, “The Rise and Decline of the Islamic Banking Model in Egypt,” 267-9.

¹⁹ Fuad Al-Omar and Mohammed Abdel-Haq, *Islamic Banking: Theory, Practice & Challenges*. (Karachi, Pakistan: Oxford University Press, 1996), 21.

²⁰ Ann E. Mayer, “Islamic Banking and Credit Policies in the Sadat Era: The Social Origins of Islamic Banking in Egypt.” *Arab Law Quarterly*, 1, 1 (1985): 38.

Social Bank was created, largely seen as a replacement of the Mit Ghimr Savings Bank but under government control. However, the first truly Islamic bank in Egypt was the Faisal Islamic Bank of Egypt, established in 1979.²¹

The most important development of Islamic banking came in 1975 with the establishment of the Islamic Development Bank (IDB) in Jeddah. The IDB can be seen as residing on the same international institutional level of other regional development banks, such as the Inter-American Development Bank, the African Development Bank, and the Asian Development Bank. Not only was the bank established as other regional banks to facilitate regional financial cooperation and development, but it functioned similarly to the other conventional banks by earning profit based on applying interest to foreign bank deposits. “This is permitted for the Islamic Development Bank (but not for normal Islamic banks) due to its governmental character and its potential role as intermediary between the ‘Islamic’ and world economies.”²²

Further historical growth of Islamic banking will be discussed below in reference to the causes that instigated its growth. The Mit Ghimr Savings Bank and the IDB are of special relevance, however, as Mit Ghimr was instrumental in demonstrating the local developmental successes of a bank run on the Islamic principle of abolishing interest, while the IDB provided regulation, research, and support to those future Islamic institutions run under its influence and auspices.

Causes of the Birth and Rise of Modern Islamic Banking

A key factor contributing to the rise of Islamic banking is that of the increase in oil revenues and the simultaneous but independent rise of pan-Islamism. The author that best represents this view is Ibrahim Warde. He contends that President Gamal Abdel Nasser of Egypt and King Faisal of Saudi Arabia fought for regional power; Nasser through his pan-Arab socialist ideology and Faisal through pan-Islamism. With the defeat of the Arabs in the 1967 Arab-Israeli War – “the most dramatic” event that “set the stage for an Islamic renewal,” “many of the principles that had governed Egypt’s policies were called into question.”²³ By 1973-4 King Faisal decided to use the quadrupling of oil prices to extend his power and the reach of pan-Islamism. The Saudi dominated Organization of the Islamic Conference (OIC), set up in 1970, along with the previous Muslim World League, established in 1962, sought to “trump Nasser’s pan-Arabism”²⁴ by using those oil revenues to institute and finance the IDB. In fact, Saudi Arabia is the largest shareholder with 25% in the 44 member IDB.²⁵

It is impossible to say whether or not Islamic banking as exemplified in the institution of the IDB would have risen without the major financial contributions from

²¹ Soliman, “The Rise and Decline of the Islamic Banking Model in Egypt,” 269.

²² Nicholas D. Ray, *Arab Islamic Banking and the Renewal of Islamic Law*. (London: Graham & Trotman, 1995), 6-7.

²³ Warde, *Islamic Finance in the Global Economy*, 91.

²⁴ Ibrahim Warde, “Global Politics, Islamic Finance, and Islamist Politics Before and After 11 September 2001.” In *The Politics of Islamic finance*, edited by Clement M. Henry and Raymond Wilson, (Edinburgh, Scotland: Edinburgh University Press, 2004), 37-62, 38.

²⁵ Warde, *Islamic Finance in the Global Economy*, 75.

oil wealth. Islamists would contend that their ideological force is strong enough to form an Islamic banking system, and hence, is not contingent upon wealthy benefactors. Bankers and economists would forward a more practical argument/line of reasoning that massive amounts of capital are needed to institute a region-wide banking system. To evidence the latter position, between 1977 and 1980, after the creation of the IDB, ten new national and international banks were formed with the help of King Faisal and his son.²⁶ It may be more correct to conclude that the scale of finance achieved by King Faisal's oil wealth could not be mimicked by that of a pan-Islamist movement acting on its own, but a scale along the lines of the Mit Ghimr Bank appears to be achievable by individual Islamist groups.

King Faisal and the OIC could have chosen not to install the IDB with the new oil revenues, but instead invest the wealth in a variety of different measures. By investing in the Islamic banking system and its supposed aim to aid fellow Muslim developing countries, King Faisal and his son spread pan-Islamic principles in the financial sector, notably prohibition of *riba*. Integrating Saudi money into regional financial structures, as well as maintaining the role as leader of pan-Islamism, King Faisal was able to extend his overall political power into circles of the pious and the economic elite of the MENA.

While the majority of authors researched for this paper hold that oil wealth was a major contributing factor to the rise of Islamic banking, this paper claims that the Saudi government utilized that oil wealth through Islamic banking as a means to gain regional power and influence by means of economic integration, King Faisal's personal profit, and strengthening Saudi Arabia's role as the leader of regional Islamism.

This paper's contention that Islamic banking emerged from political and economic causes cannot be explained only by the combination of oil wealth and pan-Islamism discussed above. The factors below also contributed to the rise of Islamic banking.

The second factor that contributed to the rise of modern Islamic banking is socio-economic development. Chapra states that the main objectives of an Islamic economy are full employment and a vague goal of optimum rate of growth which includes a stable currency.²⁷ It is written in *Handbook of Islamic Banking* published by Prince Mohammad, King Faisal's son: "The primary goal of Islamic banking is not to maximize profit as the interest-based banking system does, but rather to render socio-economic benefits to the Muslims."²⁸ Development within the Islamic banking context relies on pooling the savings of pious Muslims or Muslims who otherwise do not trust a conventional banking system, and then invests in ventures that benefit the Muslim community. Moreover, socio-economic justice and development are achieved

²⁶ Ibid., 75.

²⁷ Paul S. Mills and John R. Presley, *Islamic Finance: Theory and Practice*. (London: MacMillan Press, 1999), 5.

²⁸ Kazarian, *Finance and Economic Development*, 63.

through the Islamic model because “if a small business applied to an Islamic bank for finance, the bank would in principle decide whether or not to support the project on the basis of a cost-benefit analysis of the scheme, not on the basis of the collateral or the debenture.”²⁹ Those entrepreneurs that do not have money or credit history will still be able to receive a loan under Islamic banking practices, as long as the venture is thought to be able to make a profit.

This paper finds that development is an indirect benefit of Islamic banking and the actual guiding force of profit decides where to invest. Islamic banking finds profit in previously undiscovered economic niches in the Muslim world: those depositors who want interest-free banking and/or Islamically-sanctioned economic activities. A 1986 interview with the manager of Bank Islam Malaysia Berhad, Dr. Abdul Haim Ismail, supports exactly the thesis of this paper: “As a devout Muslim business man, my utility objective, as the manager of the bank, is solely to maximize the profit without using financial instruments based on interest.”³⁰ Furthermore, as Soliman indicates, comparing economic sectors in which conventional and Islamic banks have both invested, it can be said that conventional banks have focused more on the development of society than Islamic banks. In Egypt in 1996, conventional and Islamic banks invested nearly equally in agriculture and trade, but conventional and Islamic banks invested 32% and 11.9%, respectively, in industry and 44.6% and 60.4%, respectively, in services³¹ The focus that Islamic banks placed on the service sector over industry, to a greater degree than conventional banks, does not provide employment to those previously excluded from conventional banking. Rather, development in a developing country should be seen as increasing savings and investment in the agricultural and industrial sectors, of which Islamic banking has not proven to achieve to a greater degree than conventional banks.

The third factor contributing to Islamic banking is pure monetary profit. This paper has already discussed the role that Islamic banks play in tapping into a previously marginalized niche market of Muslim savers who do not want an interest-based banking system. Islamic banking provides the mobilization of savings in society that conventional banking could not reach.³² In theory, catering to this niche market facilitates socio-economic development, but in practice it is seen as an area in which to make profit.

The position that Islamic banking only provides a “vener to coerce Muslims into dealing with it” is a cynical outlook taken by some non-Muslim bankers.³³ Whether or not Islam is used as a veneer to attract Muslim customers, even Muslim clients are

²⁹ Al-Omar and Abdel-Haq, *Islamic Banking*, 26.

³⁰ Kazarian, *Finance and Economic Development*, 63.

³¹ Soliman, “The Rise and Decline of the Islamic Banking Model in Egypt,” 280.

³² Ray, *Arab Islamic Banking*, 17.

³³ Mohammed Malley, “Jordan: A Case study of the Relationship between Islamic Finance and Islamist Politics.” In *The Politics of Islamic Finance*, edited by Clement M. Henry and Raymond Wilson, 191-215. (Edinburgh, Scotland: Edinburgh University Press, 2004), 199.

motivated by profit. Tariq Al-Rifai, the director of Failaka International Inc., an Islamic fund researcher, states that “just because you are Muslim doesn’t mean you want a *halal* [religiously permissible] product,” but that you want profit just like any banking customer.³⁴

The fourth factor is government need to legitimize its regime to Islamic groups and pious citizens as a promoter of Islam in society. In the case of Turkey, Warde explains that due to the financial crisis from the fall of oil prices and the resurgence of “Islamic militancy,” Turkey’s “secular leaders courted Islamic banking groups.”³⁵ Referring back to the creation of the Nasser Social Bank (NSB) and the demise of the Mit Ghimr Bank in Egypt, Mayer believes that the NSB was created to fill a gap left by the closure of Mit Ghimr to provide the poor with access to banking and to quell urban unrest,³⁶ while Khaf posits that there may have been a more direct political motive behind the creation of the NSB. “The establishment of the NSB . . . came at a time when President Sadat needed the support of the Islamists in the crackdown on the Nasserites and the purge of the Arab Socialist Union, the only party in the country that Sadat inherited from Nasser.”³⁷ The best analysis of Islamic banking as government-legitimizing is provided by Henry and Wilson:

Islamic financial institutions enjoy relative operational autonomy because the political regime considers them politically harmless yet, ever in need of legitimacy, does not wish to appear opposed to experimentations with *shari’a* practices in financial matters as long as the banks stay out of politics. Separated and blocked from any natural constituency of Islamically-minded entrepreneur, however, the Islamic banks are heavily dependent on state subsidies to survive the competition from conventional banks. The state represses the political Islamists and any potential Islamically-minded business allies while demonstrating its support for Islam by subsidizing the banks and possibly even creating new ones under direct state control.³⁸

Clearly governments wish to maintain the political status quo, by appeasing Islamic groups through the creation of Islamic banking. Further, the rise of these banks not only validates a regime’s propensity toward Islamic ideals, but paradoxically fosters public support for Islamist groups themselves, a phenomenon which governments otherwise purposefully try to curb.

The fifth and final factor contributing to the rise of Islamic banking is Islamist group and political party need to legitimate their Islamic platform in the eyes of the pious public and supporters. If Islamic economics as witnessed through banking practices can “meet the requirements of modern commerce,” then it may prove that the Islamic

³⁴ Iley and Megalli, “Western Banks Eye Billion Dollar Islamic Market,” par. 16-17.

³⁵ Warde, *Islamic Financing in the Global Economy*, 81.

³⁶ Mayer, “Islamic Banking and Credit Policies,” 33.

³⁷ Kahf, “Islamic Banks,” 33.

³⁸ Henry and Wilson, “Introduction,” 12.

political agenda could govern other aspects of life with equal practicality and success.³⁹ Even in instances when banks do not adhere to Islamic principles and are criticized by Islamist politicians themselves, they still utilize their existence as an example of the achievements of the Islamist platform and social ideology.

Political Islamists pointed to the success of Islamic banks in their speeches and in numerous newspaper and magazine articles as proof that Islam was a complete way of life that could not be restricted to the merely spiritual realm and that it could also provide economic solutions to the country's problems.⁴⁰

Islamic banks enjoy a comfortable position politically, as both governments and Islamist political opposition can use the banks' existence to their political advantage.

The Rise of Islamic Banking:
Political Implications

Monzer Kahf describes the rise of the *Ulama*-banker relationship within Islamic banking management and governance as one of the major political consequences of Islamic banking. The first instance of *ulama* entering the Islamic banking industry was with the creation of the Faisal Islamic Bank of Egypt in 1976.⁴¹ Kahf argues that the *ulama* greatly needed the alliance with bankers to bring them to the forefront of the political scene since they had been excluded from the modern Islamic movement.⁴² His logic follows as such: the *ulama* improve the public image of bankers by legitimating the banks as truly Islamic. Through the power Islamic banks wield among pious masses and Islamist groups, the *ulama* can exercise greater political influence, "especially in asserting their new policies and in supporting their lobbying of governments, the media and the central banks."⁴³ The banks need the *ulama* to legitimize their practice, and the better that the *ulama* are at mobilizing savings of the pious masses, the more the political power (through greater financial control) of the bankers and the *ulama* themselves increases.

Kahf furthers the analysis of the *ulama*-banker relationship by noting the unprecedented personal profit the *ulama* have garnered through the banking enterprise. "This new alliance also gives the *ulama* greater respectability in the social hierarchy, usually more than they were used to."⁴⁴ An important political-economic consequence outlined by Kahf maintains that, since the *ulama* are typically entrenched in the middle class and have close relations with small- and medium-sized businesses in the MENA, their inclusion in Islamic banking governance and management as *shari'a* scholars brings together the wealthy, middle-income, and poor segments of society into one banking system.⁴⁵

³⁹ Ibid., 2.

⁴⁰ Malley, *Jordan*, 196.

⁴¹ Kahf, "Islamic Banks," 22.

⁴² Ibid., 25.

⁴³ Ibid.

⁴⁴ Ibid., 26.

⁴⁵ Ibid., 27.

However, this aggregation does not combine the interests of Islamically-minded clients regardless of economic class to expand the Islamist economic or political agenda. The effect of combining interests diffuses and moderates Islamist ideology through Islamic banking, whereby policies of investment projects must find an ideological middle ground among the interests of competing classes. Hence, pure profit-seeking or pure development of marginalized sectors of society along a pure practice of Islamic moral principles must be compromised to address the needs of all clients.

This leads into the next implication of Islamic banking as a moderating force in Islamic political parties. Kahf believes that the rise of Islamic banks “have actually helped . . . in the emergence of favourable relationships between the moderate segment of the Islamic movement, mainly professional technocrats and open-minded *ulama* on the one hand and their respective governments on the other.”⁴⁶ Not only does Islamic banking encourage and enrich *moderate* Islamists in order to not lose government approval, but it also may change the political agendas of more radical elements in Islamic groups.

It is also likely that closer ties between Islamic political and financial actors would have a significant impact on the incentive structures of the political actors, leading them to lessen their demands upon the state, become more amenable to cooperation and coexistence with opposing ideological trends, and ultimately to provide stronger support for the democratization of society.⁴⁷

The banks have the potential to fund the political motives of Islamist politicians but, due to government limits, banks are not allowed to endorse or hire extremists that threaten the existence of the current government.

Another political implication, which is a direct consequence of the previous point, is the fostering of greater democratic pluralism through the inclusion of Islamist parties with the moderating effects and financial help of Islamic banking. Henry believes that any successful attempt at political pluralism would depend on liberals within the Islamist groups ascending to power. This can be done through the moderating effects of Islamic banking.⁴⁸ The combination of moderate Islamists, the *ulama*, and Islamic banking helps each element gain greater political acceptance and thus reinforces movements toward competitive and liberalized politics.⁴⁹

The above implications assume that Islamic banks will be successful and profitable. But what is the implication when a bank fails? The political and economic aspirations of bankers and *ulama* are directly affected, but more interestingly, the political status of Islamic groups is compromised. For example, in Jordan, Islamists attempting to distance themselves from a once integral part of their Islamist political

⁴⁶ Ibid., 29.

⁴⁷ Malley, *Jordan*, 211.

⁴⁸ Clement M. Henry, *The Mediterranean Debt Crescent: Money and Power in Algeria, Egypt, Morocco, Tunisia, and Turkey*. (Cairo, Egypt: The American University in Cairo Press, 1997), 20-21.

⁴⁹ Henry and Wilson, “Introduction,” 12.

platform have derided bank mismanagement. “They [Islamists] want to make it clear that the bank’s shortcomings are due to the human faults of its managers and not to the Islamic movement or to the inability of Islamic economic principles to work in a modern world.”⁵⁰ Public support for the Islamic movement in general is seen to erode without any practical and successful applications of its ideology.

Conclusion

Notwithstanding the exceptions of Pakistan, Turkey, and Sudan, Islamic banking thrives in political and economic climates that show some degree of liberal trends in society. For a seemingly suspicious financial system to flourish it must be given room to experiment outside of heavy state control. While Islamic banks may foster greater democratic pluralism through their moderating effects on Islamists seeking funding, they may require a minimally present amount of political and economic liberalization for a government to allow their creation and growth.

Governments tend to force moderating principles on banks’ management personnel to not promote radical Islamist economic and political ascendancy through the financial and political support of the banks. “The bankers have always been very sensitive in selecting the type of *ulama* who are acceptable to both governments and the general public at the same time. Hence, they are very particular in avoiding extremists on both sides.”⁵¹ Banks must be careful not to choose a government-sponsored Islamic scholar on their boards, but also not to choose radical Islamists that would incite closure by the government. Banks are forced to select management that is moderate, thereby increasing the financial and political power of moderates within political Islam.

Those who benefit from Islamic banking gain political and monetary rewards, as seen in the analysis of the *ulama*-banker relationship. Islamic banking may appease those who wish to see the principles of Islam enacted through socio-economic development and the abolition of interest. But, as this paper contends, no financial system is born nor grown without a concern for profit-margins by those individuals that incite their institutionalization. Altruism can be found in every major religion, but modern business relies on efficiency and profit. Islamic banking is no different than any other modern business enterprise in this respect. What Islamic banking can offer to clients is an option to conventional banking through less exploitation by uncompromising interest rates and collateral requirements. In short, Islamic banking can offer the mobilization of savings from previously inactive clients to active entrepreneurs, thus benefiting the internal and foreign investment in developing countries of the Middle East and North Africa.

⁵⁰ Malley, *Jordan*, 199.

⁵¹ Kahf, “Islamic Banks,” 28.



Bibliography

- Al-Omar, Fuad, and Abdel-Haq, Mohammed. *Islamic Banking: Theory, Practice and Challenges*. Karachi, Pakistan: Oxford University Press, 1996.
- Henry, Clement M. *The Mediterranean Debt Crescent: Money and Power in Algeria, Egypt, Morocco, Tunisia, and Turkey*. Cairo, Egypt: The American University in Cairo Press, 1997.
- Henry, Clement M., and Wilson, Rodney. "Introduction." In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson, 1-14. Edinburgh, Scotland: Edinburgh University Press, 2004.
- Iley, Karen, and Megalli, Mona. "Western Banks Eye Billion Dollar Islamic Market." 8 August 2002. Reuters.com. http://site.securities.com/doc_pdf?pc=IG&sv=IFIS&doc_id=69523825 (accessed October 29, 2007).
- Kahf, Mohja. "Islamic Banks: The Rise of a New Power Alliance of Wealth and *Shari'a* Scholarship." In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson, 17-36. Edinburgh, Scotland: Edinburgh University Press, 2004.
- Kazarian, Elias. *Finance and Economic Development: Islamic Banking in Egypt*. Lund, Sweden: University of Lund, 1991.
- Kuran, Timar. "The Discontents of Islamic Economic Morality." *The American Economic Review* Vol. 86, No. 2 (Papers and Proceedings of the Hundredth and Eighth Annual Meeting of the American Economic Association. San Francisco, CA, January 5-7, 1996): 438-42.
- Lewis, Mervyn K., and Algaoud, Latifa M. *Islamic Banking*. Cheltenham, UK: Edward Elgar, 2001.
- Malley, Mohammed. *Jordan: A Case Study of the Relationship Between Islamic Finance and Islamist Politics*. In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson, 191-215. Edinburgh, Scotland: Edinburgh University Press, 2004.
- Mayer, Ann E. "Islamic Banking and Credit Policies in the Sadat Era: The Social Origins of Islamic Banking in Egypt." *Arab Law Quarterly*, Vol. 1, No. 1 (1985): 32-50.
- Mills, Paul S., and Presley, John R. *Islamic Finance: Theory and Practice*. London: MacMillan Press, 1999.
- Molyneux, Philip, and Iqbal, Munawar. *Banking and Financial Systems in the Arab World*. New York, NY: Palgrave MacMillan, 2005.

Ray, Nicholas D. *Arab Islamic Banking and the Renewal of Islamic Law*. London: Graham & Trotman, 1995.

Saeed, Abdullah. *Islamic Banking and Interest: A Study of the Prohibition of Riba and its Contemporary Interpretation*. Leiden, The Netherlands: E. J. Brill, 1996.

Soliman, Samer. "The Rise and Decline of the Islamic Banking Model in Egypt." In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson, 265-85. Edinburgh, Scotland: Edinburgh University Press, 2004.

Warde, Ibrahim. *Islamic Finance in the Global Economy*. Edinburgh, Scotland: Edinburgh University Press, 2000.

— "Global Politics, Islamic Finance, and Islamist Politics Before and After 11 September 2001." In *The Politics of Islamic Finance*, edited by C.M. Henry and R. Wilson, 37-62. Edinburgh, Scotland: Edinburgh University Press, 2004.

