

# **The Religious Undertow of Muslim Economic Grievances: A Perspective on Militant Islamism**

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## **Two realities:**

- ✍ **many Middle Easterners resent globalization**
- ✍ **most Middle Easterners are supportive of markets /  
world economic order**

*Islamism* vs. Islam

*Islamists* vs. Muslims

**Globalization is disruptive.**

**Only a minority pursues terrorism.**

**Observed animosity not rooted in poverty alone.**

**Some people motivated by Islamism.**

## **Islamists believe**

- **a good Muslim is one who pursues an “Islamic way of life” in all domains, including economics**
- **capitalism and communism are both doomed**

## **Islamic economic system:**

- ✍ **Interest-free banking system**
- ✍ **Islamic redistribution system**
- ✍ **Behavioral norms that ensure honesty**

## **Interest-free banking (Islamic banking):**

- **Based on belief that Qur'an bans all interest**
- **Qur'an bans riba (old practice responsible for slavery)**
- **No example of country that has eliminated interest**
- **Other rationale for ban on interest:**
  - Profit just only as reward for risk**
- **Division of risk between lender and borrower not specified**
- **Islamists want all banking to be "Islamic"**
- **Islamic banks exist in 70 countries**
- **None of these banks operates in an interest-free**

**manner**

- **Reasons why genuine interest free banking**

**uncommon:**

- (1) Many people prefer certainty of interest**
- (2) Not enough transparency and honesty**

**No workable Islamic economic system**

**The corruption that Islamists complain about was generated by legal inflexibilities in the past.**

## **Cultural Roots of Economic Islamization**

**“Islamic economics” originated in the 1940s as part of an effort to define a distinct “Islamic” identity.**

**Economic activity is carried out mostly outside the home. So it can serve the purpose of making Islam visible.**

**If economic activity is given religious meaning, it need not weaken religious identity or religious solidarity.**

**Weak governments have supported Islamist efforts in order to gain legitimacy.**

- **Saudi Arabia**
- **Pakistan**

## **Policy Implications**

**No immediate solution to current crisis:**

- ✍ **Poverty can't be wiped out overnight.**
- ✍ **Sources of Islamist indoctrination still active.**

**Lasting solution requires:**

- ✍ **Economic development**
- ✍ **Cultural repair**

## **Motivations for joining Islamic Sub-economy**

**Rapid urbanization in presence of weak legal systems and widespread corruption**

**Urbanization has aggravated dishonesty in economic life.**

**A by-product of dishonesty is guilt.**

**Guilty people seek opportunities to rehabilitate themselves.**

**Islamism provides these opportunities.**

**So to some people Islamism delivers a useful service.**

**Legal and political reforms will reduce appeal of Islamism.**

**Islamism also promotes networking among economically disadvantaged individuals.**

**Where Islamists hold political power, businesses contribute to Islamist causes to be left alone.**

**In such places, genuine support for Islamization is exaggerated.**

## **SUMMARY**

**Islamization of economic relations has some causes unrelated to religion:**

- **guilt alleviation**
- **networking**
- **(in some places) winning favor with  
Islamist governments**

**Anger at US has two distinct causes:**

- 1. Poverty**
- 2. Islamism**