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# KAS INTERNATIONAL REPORTS

## ISLAM AND POLITICAL PARTIES



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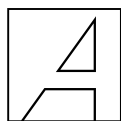
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Konrad  
Adenauer  
Stiftung

ISSN 0177-7521  
Konrad-Adenauer-Stiftung e.V.  
Volume 29

Klingelhöferstraße 23  
10785 Berlin  
Germany  
Phone (030) 2 69 96-33 83  
Fax (030) 2 69 96-35 63  
Internet: <http://www.kas.de>  
<http://www.kas.de/internationalreports>  
e-mail: [stefan.burgdoerfer@kas.de](mailto:stefan.burgdoerfer@kas.de)

**Account Details:**

Commerzbank Bonn  
Account No.: 10 3333 100 Sort Code: 380 400 07  
IBAN: DE43 3804 0007 0103 3331 00  
BIC: COBADEFFXXX

**Editor:**

Dr. Gerhard Wahlers

**Editorial Team:**

Frank Priess  
Dr. Wolfgang Maier  
Thomas Birringer  
Gisela Elsner  
Dr. Stefan Friedrich  
Dr. Beatrice Gorawantschy  
Jens Paulus

**Editor-in-chief:**

Stefan Burgdörfer

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**Subscriptions:**

*The Konrad-Adenauer-Stiftung publishes twelve issues of International Reports per year. Subscription rate for twelve issues is €50.00 plus postage. Individual issues €5.00. There is a special discount for school attendees and students.*

*The subscription will be extended for a further year in each case unless it is cancelled, in writing, by November 15 th.*

*To order a subscription:  
Konrad-Adenauer-Stiftung e.V. (address as above)*

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**Translation:** RedKeyTranslation, Hanover

**Typesetting:** racken, Berlin



*This publication is carbon-neutral, printed using vegetable-oil-based ink on chlorine-free bleached paper from 100% recycled post-consumer waste fibre that has been awarded the EU Eco-label (FR/011/003).*

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## EDITORIAL

Dear Readers,

Since the beginning of October, followers of the Egyptian Muslim Brotherhood have taken to the streets once again. In violent clashes with security forces, they are protesting against the ousting of elected President Mohammed Mursi in June, who is being held by the army at an undisclosed location. The majority of the leading figures of the Muslim Brotherhood have since been jailed. This means that the most important actor of political Islam in Northern Africa has been driven underground, as occurred previously under former ruler Hosni Mubarak. By contrast, Islamic forces are still in power in other countries of the region. Morocco, for instance, is being governed by an Islamist party, albeit under the prerogative of the King, as Helmut Reifeld explains in this issue.

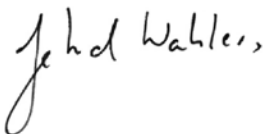
Apart from a few encouraging exceptions the situation is as follows: In Egypt as well as in other countries of the region, expectations associated with the “Arab Spring” have not been met to date. Democratic elections gave power to Islamist parties, whose political convictions do not necessarily match the ideas that had been advocated by the predominantly young protestors: freedom and justice, participation and pluralism. Instead, they have been concerned with shoring up their power – in conjunction with the goal of never having to yield to a different democratically elected actor in the future and convinced that they alone would be able to create the state that is God’s will.

In many cases, the setting up of democratically elected parties of political Islam in countries in the Middle East and Northern Africa that had previously been governed by authoritarian secular powers has raised the question as to whether these may be natural partners of those German political parties that have a “C” in their name. There is, however, one crucial difference here, and it is not the difference between Christianity and Islam but the difference

between religious parties and parties whose platform is based on religious values. Today, Christian Democrats base their political principles and action on the Christian view of humankind, thus advocating dignity of the individual, freedom of opinion and equality of all people. However, they do not regard the Holy Book as an instruction manual for political action that must be implemented down to the letter.

In discussions with representatives of political Islam, we hear statements asserting that they will support pluralism, tolerance and democracy. But experience has taught us that we should judge Islamic political actors by their deeds and not by their words. Anyone who advocates the above-mentioned principles must answer the question as to whether they support the freedom to exercise one's religion with a clear affirmative. People who practice the Christian faith – including converts to Christianity – must be comprehensively protected in Muslim countries. Unfortunately, the opposite is frequently the case, and the events of the "Arab Spring" have not brought about any great change in this respect.

The Konrad-Adenauer-Stiftung runs numerous projects in Germany and abroad to encourage the involvement of Muslims in civil society. At the same time, we collaborate with experts in Germany and around the world who are examining the topic of "Islam and Democracy". We are keen to enter into dialogue, to include dialogue with actors of political Islam. However, the acid test remains the stance the other party takes with respect to democracy and the rule of law, and, not least, the protection of religious minorities.



Dr. Gerhard Wahlers  
Deputy Secretary General

gerhard.wahlers@kas.de



Dr. Helmut Reifeld is Resident Representative of the Konrad-Adenauer-Stiftung in Morocco.

## EXCEPTION OR PIONEER?

### POLITICAL ISLAM IN MOROCCO

*Helmut Reifeld*

Shortly after the first stirrings of the Arab Spring, the *exception marocaine*, the Moroccan exception, quickly became one of Morocco's hottest topics in the media and in public debate. To understand the political factors underlying this exception, we need to look at the country's recent history and in particular the fact that the country has a stable monarchy. The current king, Mohammed VI, is seen as a reformer whose policies are often described as a *culture de l'anticipation*. Added to this are the parliamentary structures and autonomous political parties that have been established since the independence in 1956, constitutional developments since 1962, and the country's multi-ethnic population structure and pluralistic culture. For almost two years now, Morocco has been peacefully run by a moderate Islamic government, while Islamic governments in Tunisia and Egypt have been the cause of renewed unrest and have contributed to instability.

Without further verifying these particular factors, it is also clear that the relatively successful process of transformation currently taking place in Morocco is setting it apart from the other countries of North Africa. Morocco's elite sees its country as a hub between Europe and Africa, and the spotlight is increasingly being turned on Morocco as a model for peaceful transformation to parliamentary democracy and stronger ties with Europe. However, it is no secret that the country also has its darker aspects. Indeed, the 2012 United Nations *Human Development Index* ranks Morocco 130<sup>th</sup> out of 186 countries, while Reporters Without Borders rank the country 136<sup>th</sup> of 179 countries in its Press Freedom Index. Almost half of all young people do not attend school and have no regular job, and the



country's literacy rate is one of the lowest in the MENA (Middle East and North Africa) region.

When it comes to the status of Islam, Morocco takes a strictly conservative approach. Until the mid-20<sup>th</sup> century, Jews made up 2.3 per cent of the population, but now most of them have left the country. And as there are virtually no Christians in Morocco, over 98 per cent of the population can be considered followers of Islam. To what extent has Islam contributed to Morocco's process of transformation? And what role does organised party-political Islam play in the development of Morocco when compared with other North African countries?

**To what extent has Islam contributed to Morocco's process of transformation? And what role does organised party-political Islam play?**

### **A SEARCH FOR RULES**

The recurring key question that underlies this debate is the relationship between Islam and democracy. In recent years, there have been ever-increasing numbers of articles, particularly editorials and commentary pieces, on this issue. The authors are constantly searching for a set of rules to describe a process that in fact is subject to the particular conditions and requirements of each country. This quest for rules of the transformation process is dependant on how much the individual writer believes "Islam" is willing and able to reform. Nader Hashemi's book *Islam, Secularism and Liberal Democracy*<sup>1</sup> provides a more balanced approach to this issue, especially as the author has been able to integrate Morocco successfully into his analysis, and it gives full consideration to some specific Moroccan problems. Hashemi takes the view that the road to democracy for predominantly Islamic states may be a long one, and that there will inevitably be phases when Islamic governments are in power.

He sees two main reasons for this. Firstly, he believes there needs to be discussion on the role of religion in politics. To date, the main mistake made by Islamic parties in the MENA region has been the assumption that Muslim societies have long held a theological and emotional consensus

1 | Nader Hashemi, *Islam, Secularism and Liberal Democracy. Toward a Democratic Theory for Muslim Societies*, Oxford, OUP, 2009.

over the role of religion in politics. Most Islamists are also convinced that this consensus is basically democratic and not fundamentally different in character from the western concept of democracy. Hashemi believes this should be called into question.

Secondly, he believes that Islamic parties and politicians will only be able to play a key role in the process of democratisation in their respective countries if they are capable of reconciling their religious beliefs with international human rights standards and the basic principles of parliamentary democracy. There are already signs that this might be possible, but Hashemi sees as the main hurdle the formulation and acceptance of a kind of "Islamic secularism" that would allow clear separation of state institutions and religious bodies.

According to Hashemi, the main obstacle along this path may well be the negative experiences many post-colonial Arab states have had with authoritarian regimes that proclaimed their secularity in order to gain legitimacy. Many Islamists, including those in Morocco, still see Turkish Prime Minister Erdogan as the ideal counterpart to these "secular" dictators. However, this idealised image of Erdogan has increasingly become tarnished since his power politics have also clearly begun spreading to the Arab states.

In order to help curtail the inevitable conflicts between religion, secularism and democracy, Hashemi recommends shifting the focus towards the idea of "multiple modernities", a concept originally introduced into international debate by the Israeli sociologist Shmuel Eisenstadt. "Multiple" is used in this context to suggest that developments within a country or society, in religion and politics, business and culture, both within a country and between countries within a region, should not necessarily happen all at the same time nor be directly related to each other. Nevertheless, the concept is rapidly losing its relevance in the digital world of the 21<sup>st</sup> century; it is clear that political transformations are indeed still taking some very different paths. Hashemi believes that even European modernity has developed at different levels and was predominantly

secular rather than Christian. He rightly concludes that each Arab country must decide for itself exactly what developments are possible.

## ISLAMIC STRUCTURES AND TENDENCIES IN MOROCCO

Although the manifestation of Islam in Morocco has changed significantly over the last ten years, it can still be divided into two main tendencies.<sup>2</sup> The first group includes the followers of formal Islam – the Islam of the legal scholars (*Ulema*), which prevails in the cities, among the Arab population and the country's elite. The second group is made up of the followers of what is known as Folk Islam, which is particularly strong in rural regions. In simple terms, it is the Islam of the Berbers, who make up more than half of the population. Folk Islam originally incorporated mystical and even pagan elements and is significantly influenced by Sufism.

**Islam in Morocco can be divided into two main tendencies. The first group includes the formal Islam which prevails in the cities, the second is the Folk Islam, which is particularly strong in rural regions.**

In the past, the relationship between these two groups was generally one of incessant conflict, so that a large part of their energies was no doubt focused on their disagreements. The *Ulema* generally like to portray themselves as being in the king's camp, whereas it is in fact the responsibility of the monarch to reconcile the country's various secular, lay and religious interests. There has also traditionally been fierce competition between the Islam of the legal scholars and a more Sufist-influenced Islam. This conflict is reflected in all three key areas of town versus country, the elites versus the people, and Arabs versus Berbers. Even though the last decade has seen overall smoothing over of the differences and antagonisms between these general groupings by the policies of Islamic governments, they have not disappeared entirely.

2 | Cf. also the empirically and analytically excellent study by: Mohammed El Ayadi, Hassan Rachik and Mohamed Tozy, *L'Islam au Quotidien. Enquête sur les valeurs et les pratiques religieuses au Maroc*, Casablanca, 2013, 25 et sqq. The study is based on more than one thousand structured, representative individual interviews carried out throughout Morocco. The introduction by the three authors (p. 15-55) gives an excellent overview of the earlier literature and current state of research on this issue.

One peculiarity of the Morocco/Maghreb region is the tombs of hermits or saints (*marabouts* or *zaouias*), which are a feature of Sufism. There are some 100,000 of these tombs in Morocco. In political terms, they represent a demonstration of religious self-determination for the Berbers. There is no doubt that their centuries-old roots in Moroccan society make a significant contribution to the conservative image of Islam in public life. For centuries, many of these important sites have attracted pilgrims, and brotherhoods have built up around them. These brotherhoods have traditionally had strained relations with the monarchy. The French exploited these tensions against the monarchy in the early years of the 20<sup>th</sup> century; however, Hassan II managed to bring about a degree of rapprochement in the 1960s. Since then, some of these brotherhoods have received financial support from the crown, and their members even include high-ranking representatives of government and Moroccan society. Even today, these brotherhoods have at times been able to mix religion and politics, as they enjoy great popularity not only among traditionally-minded intellectuals but also across all sections of society. For example, the current Minister of Religious Affairs is a member of the famous Boutchichyya brotherhood.

**The spiritual father of the Al-Adl wal-Ihsan movement, Sheikh Yassine, died at the end of 2012, but the movement has supporters all over Morocco.**

The Al-Adl wal-Ihsan movement (for justice and welfare) is also strongly influenced by Sufism, and while it is banned as a political party, it is tolerated as a movement. The spiritual father of the Al Adl, as it is known generally, was Sheikh Yassine from Salé, a town close to Rabat. He died at the end of 2012, but the movement has supporters all over Morocco.<sup>3</sup> It played a key role in the Mouvement 20 Février (non-parliamentary protest movement) in 2011 and 2012. There were almost daily protests, especially in Casablanca, Rabat, Fes and Tangier but also in other major towns and cities across the country, with protestors calling for greater social and economic rights, for measures to combat corruption and for democratic reforms in many areas of government.<sup>4</sup>

3 | On the movement's development and importance cf. Youssef Belal, *Le cheikh et le calife. Sociologie religieuse de l'islam politique au Maroc*, Lyon, 2011.

4 | Abdeslam Bekkali, *L'an 1 de la Cyber Démocratie au Maroc: 20 Février 2011*, Edition Hammouch, 2012.

Al Adl accepts political debate as a vehicle for change. It holds the view that Islamic values are not counter to democratic values, but rather are an argument against a lack of democracy. Its demonstrations are almost exclusively peaceful, and its members seek to reconcile the democratisation of Morocco with the Islamic principles of equality, justice and solidarity. They are not looking for a return to some imaginary, pre-modern form of society or the kind of Islamic “authenticity” envisioned by many smaller Sufi groups. Instead, they want to live with and in the modern world, but want this modernity to retain the kind of “Islamic” character that Sheikh Yassine described in 1998.<sup>5</sup> One can only speculate as to how much moral pressure from the political base Al Adl has so far succeeded in putting on the ruling moderate Islamic Justice and Development Party (PJD). Some observers believe that Al Adl actually influences public opinion more than the PJD.



Salafist Protest in 2012: The fact that their strict, dogmatic injunctions also extend to areas of politics and public life, means that Islamic parties have to find ways of distancing themselves. | Source: Magharebia ©©.

As in other North African countries, the main political problem is presented by the Salafists. The commonly-held view throughout the region is that they have been involved in terrorist attacks and that they are in large part responsible for Islam’s radical, violent image. In contrast to the moderate Islamists of the ruling PJD, they not only reject political parties, but also the whole idea of politics, democracy and

5 | Abdessalam Yassin, *Islamiser la Modernité*, Rabat, 1998.

**The Salafists dream of a tabula rasa that would effectively allow war to be declared between Salafists and moderate Islamists. An extreme example of this was the destruction of the mausoleums and holy tombs in Timbuktu.**

a constitutional state under the rule of law. They have no interest in political institutions, human rights or civil liberties. Based on their interpretation of the Koran and the Sunna, and the resulting Sharia laws, they are seeking a “reform of the soul”, which they believe is far more important than any reform of the state.<sup>6</sup> When it comes to implementing their vision, they dream of a *tabula rasa* that would effectively allow war to be declared between Salafists and moderate Islamists. An extreme example of this can be seen in the destruction of the mausoleums and holy tombs in Timbuktu, which were places of pilgrimage for many devout Moroccans until well into the 20<sup>th</sup> century. Both Mali’s Salafist groups, Ansar Dine and Al-Qaeda in the Islamic Maghreb, rampaged through the area in May 2012. Their motto at the time was “No to tombs and palaces” – the two most important symbols of superstitious beliefs. Similar destruction took place in Tunisia in 2012.

The Salafists have been unable to establish a unified, coherent system for their beliefs and ideas on social order anywhere in the Arab world, including Morocco. As long as they refuse to become involved in politics, any such system will remain fragmented, fluid and unclear. In particular, they have generally failed to distance themselves from terrorist violence. In contrast, their harsh internal religious debates regarding codes of conduct, dress and food are based upon a desire to continue to uphold the original practices of the Prophet, but they remain generally baffling to outsiders and are viewed by most Muslims as affected and artificial. The fact that their strict, dogmatic injunctions also extend to areas of politics and public life, and are rarely voiced in peaceful terms, means they not only present a general security problem but also that Islamic parties, in particular, have to find ways of distancing themselves. Salafist followers are estimated to make up one per cent of the whole Islamic population, a figure that also applies to Morocco. However, here they seem to be attempting to present a more politically loyal image following the shock of events

6 | Cf. also: Mohammed Mouaquit, “Marginalité de la charia et centralité de la commanderie des croyants: Le cas paradoxal du Maroc”, in: *La charia aujourd’hui. Usages de la référence au droit islamique, sous la direction de Baudouin Dupret*, La Découverte, Paris, 2012, 141-151.

in Egypt and Tunisia.<sup>7</sup> According to officials, the majority of Salafist activists in Morocco either are in prison or at least kept under constant surveillance.

### **POLITICAL ISLAM AND GOVERNANCE**

Since the moderate Islamic PJD was formed in 1998, its representatives have been more interested in politics than religion. Right from the outset, they accepted that the party could only stand for election if it was not known as an "Islamic" party, but as a party "based on Islamic values". Their main motivation was to bring together religion and politics in a new way that promoted social justice and was fundamentally democratic. Following the example of the ruling AKP in Turkey, and in stark contrast to the Salafists, their aim was to bring Islamic values into the framework of a modern constitutional state with the aid of a democratically legitimised party. However, since the 1970s, before this profile of the PJD could take shape, dozens of Islamist groups and organisations had been formed and then either dissolved or been banned. Their adherents often went on to join the PJD in an attempt to effect change from the inside. Today, the adherents present themselves with a predominantly conservative image, although with some socialist and liberal leanings.

The success of the PJD in the last parliamentary elections in November 2011 was due to its repeated promises to bring religious values into politics. Shaped by its goal of creating fair social and economic policies, it also claimed to bring the necessary skills to other areas of policymaking. A new constitution came into force after a referendum on 1 July 2011, which necessitated these early elections to the Lower House. This constitution guaranteed that the king would ask the party that won the most votes in the election to form a government. This task fell to the PJD, which won 107 seats out of a total of 395. Since then, the critical question has been: Is political Islam dictating policy in Morocco?

7 | Vgl. Mohammed Masbah, "Moving towards Political Participation. The Moderation of Moroccan Salafis since the Beginning of the Arab Spring", *SWP Comments 1*, German Institute for International and Security Affairs (SWP), Berlin, Jan 2013, [http://swp-berlin.org/fileadmin/contents/products/comments/2013C01\\_msb.pdf](http://swp-berlin.org/fileadmin/contents/products/comments/2013C01_msb.pdf) (accessed 3 Sep 2013).

Even during the coalition talks, the PJD's right to lead was put to the test. The new prime minister and leader of the PJD, Abdelilah Benkirane, was only able to form a ruling coalition on 3 January 2012 due to limited time constraints. Morocco had its first government led by an Islamic party thanks to the support of the conservative, nationalistic Istiqlal Party, the more liberal Mouvement Populaire and the socialist PPS. These coalition partners were approved solely based on parliamentary majorities, irrespective of potential ideological reservations. In the wake of the withdrawal of Istiqlal from the coalition on 7 July 2013, the PJD has been able to continue governing for the time being, but is looking for new partners in the opposition ranks in order to regain a parliamentary majority. The king's vote certainly played its part, but nevertheless, it can be seen as a clear victory for the new constitution and hence for democracy that this crisis has so far been confined to parliament.

Looking back, it is clear that the PJD was not seeking to politicise religion, but vice versa. Its moral conservatism had to be capable of being transformed into policy, so right from the outset, there was going to be conflict with the everyday secularism of Moroccan democracy. It is striking how religious issues took on a totally different significance during the election campaign compared to after the elections. At the same time, the nationalistic tendency of the PJD policies became much more pronounced after the formation of the government. After its victory in the elections, the party barely referred to its original orientation along the lines of the Turkish AKP. Additionally, many of its election promises have been quietly sidelined.

The modest concrete successes that the PJD has achieved in its almost two years in office demonstrate the stability of the existing political structures. The party has managed to adapt to them and has successfully integrated itself into them. The fact that this system is primarily of a secular nature points to a secularisation of political Islam and to the primacy of the political over the religious.

**The two years since the referendum on the new constitution have seen constructive debate in government and in parliament, but most of the laws that are needed have not yet been passed.**

The two years since the referendum on the new constitution have seen constructive debate in government and in parliament about its significance and aims, but most of the laws that are needed to carry through



these aims have not yet been passed. The power-sharing between monarch and prime minister is continually being put to the test. It seems that only a tiny intellectual elite is interested in what the constitution means by secularism and guaranteed personal freedoms. For example, not a single prominent party member has pushed for the reintroduction of the death penalty – particularly for apostasy – as demanded by the Salafists and some of the *Ulema*. As far as the PJD is concerned, democracy and human rights guarantee its political participation.

### THE INFLUENCE OF THE MONARCHY

Benkirane's most thorny problem over the last two years seems to have been the issue of how to work together with the monarchy. The king has a critical role to play when it comes to the cohesiveness of Islam in Morocco and its political potential. Ever since the Alaouite dynasty took power in 1631, the Moroccan kings have claimed to be *cherifs*, meaning they can trace their lineage back to Hassan, son of Mohammed's daughter Fatima, and that they are, therefore, direct descendants of the Prophet. This is also the origin of the title Amir Al Mouminine: Prince or Defender of the Faith. Today, this title is contained in Article 41 of the new Moroccan constitution and gives the king the right to make the final decision on all religious issues by decree (*dahir*). Al Adl is the only movement to express criticism of this right publicly.



Mohammed VI in the White House in 2002: The king is not only the referee but also a player, and he usually always wins. | Source: Eric Draper, White House.

With this fall-back, the king not only controls the education of imams, teaching of the Koran and the sermons given at Friday prayers and times of fasting. Indeed, he often seems to be the only person who is still capable of shaping policy. He has appointed a *Ministre Délégué* in the government's seven main ministries, alongside the minister appointed by the prime minister. In every city, region, national institution and, above all, in the Ministry of the Interior, the final decision is made by the *wali*, who is directly appointed by the king. Even the members of the Constitutional Council, which continues to meet behind closed doors, are appointed exclusively by the king. It has only subsequently come to light that the king has been making changes to the constitution, even after the publication of its contents for the purposes of the referendum.

**Most observers rate the new constitution as the most democratic one in Moroccan history. The king's prerogatives are limited to religion, security and strategic decisions on policy orientation.**

On 9 March 2011, Mohammed VI gave a speech announcing the new constitution, remarkably soon after the protests erupted in Tunisia. This undoubtedly helped the country to take a further step on its path towards

democracy. Most observers rate this new constitution as the most democratic one in Moroccan history. It recognises the principle of the separation of powers, guarantees basic rights and freedoms, strengthens the rights of both the government and the parliamentary opposition and covers all the key areas of the political system. The king's prerogatives are limited to religion, security and strategic decisions on policy orientation. However, there is at times the impression that the king not only reigns but also governs and intervenes directly in decision-making by the executive branch. Recently, the weekly newspaper *Telquel* referred to a *monarchie exécutive*, saying that the king is not only the referee but also a player, and he usually always wins.<sup>8</sup>

An important part of the king's policy on Islam is his direct control over the Dar al-Hadith al-Hassaniya, a research institute for religious studies that is known and well-respected beyond Morocco's borders. It was founded by Hassan II in Rabat, partly as a counterweight to the traditionally independent Islamic studies carried out in universities, particularly in Fes. Foreign Minister Saad-Eddine

8 | *Telquel*, 7 Jun 2013, 25 and 28 Jun 2013, 22.

El Othmani and Justice Minister Mustafa Ramid (both PJD) graduated from this institute. The king also heads the Rabita Mohammadi des Oulema, a kind of theological think-tank, and the Majliss Al Ilmi, a study centre for Ulema scholars from the whole of Morocco. Both these centres are based in Rabat. Since 1979, Mohammed VI has also gained recognition in the Arab world by chairing the Comité al Quds, a committee that supports the Palestinian claim to Jerusalem as their capital.



In power as a result of the king's reforms: Prime minister Abdelilah Benkirane (PJD, left), in a conversation with his Spanish colleague Mariano Rajoy. | Source: Magharebia ©.

Despite its role in government, moderate Islam has not pushed through any changes to the established power structures of the Moroccan monarchy – indeed, it has not even attempted to do so. After all, it did not come to power in the face of the monarchy but as a result of the king's reforms. Benkirane's self-evident statement, "L'Etat c'est le Roi", was made in an affirmative rather than a resigned tone. The PJD does not claim to be a mouthpiece for religion against politics. Instead, it is a new player that is now allowed to tread the boards of established power. No doubt Moroccan voters will decide at the next election how well it is playing this role, but until then it is the *Makhzen*, the king's established apparatus of power and control, that will decide on the future of the reforms.

## ISLAM – BETWEEN SECULARISM AND DEMOCRACY

As in other predominantly Islamic states, the preamble to Morocco's new constitution and many of its articles stipulate that Islam is the national religion. This means that the decision-making authority is taken out of the hands of government when it comes to religious affairs, leaving such decisions at the sole discretion of the king. The stipulation also does not exclude the possibility of separating religious and political issues.

Even before the constitution's stipulation establishing Morocco as an *Etat musulman souverain*, the first sentence of the preamble states that the kingdom of Morocco is an *Etat de droit démocratique* based on principles *de participation, de pluralisme et de bonne gouvernance*. The preamble and many of the subsequent articles also recognise human rights as indivisible and universal. However, any explicit mention of religious freedom is avoided. Article 3 simply guarantees that followers of other religions are free to exercise their religious rituals. This basically means that it is impossible for Muslims in Morocco to convert to another religion.

**The de facto secularism that has long characterised Morocco's political culture and that encourages its citizens to believe that democracy is progressing creates a hurdle to Islamic ambitions.**

The Islamic government is confronted with the same problems in everyday political life as any other government. The de facto secularism that has long characterised Morocco's political culture and that encourages its citizens to believe democracy is progressing creates a hurdle to Islamic ambitions. The majority of the population are not keen to change the country's existing course with regard to foreign and European policies, the economy and energy issues. Additionally, as far as modern culture is concerned, we need only point to the annual international film festival in Marrakech or the annual Mawazine international music festival in Rabat. For weeks, these two events attract a great deal of public attention, while criticisms on the part of Islamist groups are kept very much in the background. This shows how Islamist notions of cultural policy no longer hold sway in modern, urban Morocco and how the country is increasingly moving towards globalisation in many areas, rather than looking backwards and following the strict interpretations of the Koran.

For Lahcen Oulhaj, former Dean of the Faculty of Law, Social Studies and Economics at Rabat University, there are three main factors underpinning Morocco's secular character which could stand in the way of strict Islamic policies. Firstly, he stresses that it is secularism alone that has enabled the country's political and economic progress, and assured its integration into the global economy. There is no popular support for the kind of religious fundamentalism that attempts to turn back the clock on Morocco's integration. Secondly, he points out that even the 1962 constitution, but more specifically the new 2011 version, guarantees a raft of fundamental rights, human rights as well as gender equality, and bans discrimination on the basis of a secular social order. Every area of the country's economic, political and cultural integration presents the PJD with problems that can only be meaningfully resolved in a secular way. And thirdly, he comments that the majority culture of the Berbers has always been more influenced by individualism and pluralism than by orthodox religion. He points to Jacques Berque, a world expert on the Maghreb, who postulates that the Berbers have done more to "Berberise" Islam than the other way around.<sup>9</sup>

One of the key questions for political Islam in North Africa is surely whether the region's Arab states are able to establish "modern", democratic, and, above all, pluralistic forms of government without a fundamentally secular underlying structure. It is necessary to analyse in detail the relationship between politics and religion in each country and each region in line with their historic and current circumstances. In Morocco, such an analysis quickly leads to the conclusion that a greater Islamic influence in society must be harmonised with a corresponding Islamic influence in politics. There seem to be three positive basic conditions in this respect. Firstly, the country has a strong civil society that demonstrates great social engagement and builds vibrant communities. Secondly, there is widespread desire for more civil liberties and a better standard of living. Thirdly, particularly in business, there is a great willingness to face the challenges of globalisation.

**It is necessary to analyse in detail the relationship between politics and religion in each country and each region in line with their historic and current circumstances.**

9 | Lahcen Oulhaj, "Une perception du sécularisme au Maroc", in: Farid el Bacha and Helmut Reifeld (eds.), *La Liberté de Religion*, Rabat, 2013, 45-58, here: 55.

In parallel, there is a great deal of debate on religious issues at all levels of Moroccan society. This is not only exemplified by the 20 Février protest movement but also applies to broad circles of the country's educated elite, many of whom sympathised with these protesters but who were not prepared to take to the streets. As previously mentioned, many members of this movement are motivated by religion but are non-violent. Their zeal is not fed by religious fundamentalism but by a desire for religious self-determination and a participative democracy. In this respect, it is a sign of Morocco's democratisation and changing attitudes to religion.

**The practices of a religious life have become strongly individualised. There is a growing sense of pragmatism.**

The studies carried out by Ayadi, Rachik and Tozy demonstrate that Islam in Morocco – and in other North African countries – has been marked by two strong tendencies over recent years: a renewed claim to power by the state over religion, and a growing fragmentation in many areas of religious life.<sup>10</sup> However, the authors have difficulty in positioning the country between the two main theories of development that have characterised global cultural debate over recent years: the theory of a globally advancing secularisation of societies on the one hand and the "return of religion" on the other. With regard to the first theory they believe insufficient consideration is given to the effects of state-controlled religion on the individual. To the second theory they retort that Morocco has never experienced any phasing-out of religion, so it cannot currently be experiencing a return. They claim religion has always been an element of public life. The change is that religious education has now intensified, particularly among women. But above all, the practices of a religious life have become strongly individualised. There is a growing sense of pragmatism that has been easy to internalise, and its political opportunities have already often been reflected in public life. This also applies to all age groups, even though people often become more dogmatic in their beliefs as they grow older. The authors call for a general understanding of this structural change in the public face of Islam and of people's everyday religious practices in light of the secularisation process.

10 | El Ayadi, Rachik and Tozy, n. 2, 280-289.

With regard to most of the political changes that have taken place in Morocco over the last ten years, it is difficult to explain them primarily or indeed at all based on Islamic religious or cultural ideas. The growing recognition and validity of human rights, the reform of women's laws (*Moudawana*) and, above all, the implementation of the new constitution since 2011 have all been at the instigation of the king. They have not been pushed through in the face of the country's Islamic forces but rather in collaboration with them. Any attempts by certain Islamists to draw up orthodox lines of demarcation have increasingly come into conflict with the forces of globalisation and the country's gradual process of democratisation.

Olivier Roy points out that this conflict ultimately takes place according to Western categorisations. Many Islamists still believe "that they are the embodiment of tradition, but in reality, they are expressing a negative form of Westernisation".<sup>11</sup> He believes this leads first of all to a privatisation of re-Islamisation and secondly, to stricter state monitoring of religious institutions. Under these circumstances, Morocco could also find that increased modernisation and democratisation go hand-in-hand with an increase in personal freedoms. And the earlier the rest of North Africa decides to go down a similar route of "multiple modernities", the earlier there will no longer be any talk of the *exception marocaine*.

11 | Olivier Roy, *Der islamische Weg nach Westen. Globalisierung, Entwurzelung und Radikalisierung*, Munich, 2006, 36.



Jörg Knocha is Programme Manager in the KAS office in Ramallah.



Dr. Hans Maria Heÿn is Head of the KAS office for the Palestinian Territories.

## BETWEEN RELIGION, EXTREMISM AND GOVERNANCE

### POLITICAL ISLAM IN THE PALESTINIAN TERRITORIES

*Jörg Knocha / Hans Maria Heÿn*

According to Palestinian Basic Law, Islam is the official religion in the Palestinian Territories.<sup>1</sup> It is an integral part of political and social life of the Palestinians in the West Bank and the Gaza Strip, 98 per cent of whom are Muslim. It also exerts a decisive influence on the two major movements, Hamas and Fatah, as well as on numerous smaller political parties and movements, which often originate in the secular sphere or have Marxist roots.

During the period from 1920 to 1948, the territory of present-day Israel and the Palestinian Territories formed part of the British Mandate. Once the British had withdrawn and the founding of the Israeli state in 1948 triggered the first Israeli-Arab war, Gaza came under the control of Egypt, and the West Bank including East Jerusalem under the control of Jordan. In the course of the Six-Day War in 1967, Israel finally occupied both these territories. For this reason, there were only rudimentary Palestinian institutions in place up until the first Oslo Accord was concluded between Israel and the Palestinian Liberation Organization (PLO) in 1993. No parliamentary party system existed that was comparable to those in the Western World. The various movements defined themselves more by performing social activities, engaging in the armed struggle against the occupation of their land or carrying out terrorist attacks.

1 | Cf. The Palestinian Basic Law, "2003 Amended Basic Law", <http://palestinianbasiclaw.org/basic-law/2003-amended-basic-law> (accessed 13 Sep 2013).



The partial autonomy since 1993 resulted in the gradual development of institutional structures. For the first time, a government existed, ministries were established, and national elections were held in 1996. As a result of the Second Intifada, which started in 2000, considerable parts of the political infrastructure were destroyed. Having won the 2006 parliamentary elections, the Islamist Hamas took over the Gaza Strip in 2007. The Palestinian Territories have been politically divided ever since.

**Having won the 2006 parliamentary elections, the Islamist Hamas took over the Gaza Strip in 2007. The Palestinian Territories have been politically divided ever since.**

Modern political Islam played a role in this development that should not be underestimated, drawing on a long tradition in historic Palestine going back to the 1920s. From the very start, nationalist motives have been another important factor. In order to understand the interaction between Islamic movements and political institutions and their way of dealing with democratic principles, some basic peculiarities of the interaction between Islam, politics and the nation in the Arab sphere have to be considered.

#### **THE RELATIONSHIP BETWEEN RELIGION AND THE STATE**

In many parts of the Islamic and particularly the Arab world, there is no strict separation between religion and politics, the economy and culture. Instead, there are frequently strong links between the state and a particular religion or denomination. Followers of other faiths are very rarely regarded as equals. There is virtually no freedom to individually choose and practice a religion, to change one's religion or to be a non-believer.<sup>2</sup>

There is also no clear separation between religion and state in the Palestinian Territories. Legislation on matters of personal status, which covers inheritance rights, marriage, divorce and child custody, is based on Islamic law, the

2 | Cf. Charles Taylor, "The Polysemy of the Secular", *Social Research*, 76, 4, 2009, 1143-1166, <http://jstor.org/discover/10.2307/40972206?uid=3738872&uid=2129&uid=2&uid=70&uid=4&sid=21102573045343> (accessed 13 Sep 2013); U.S. Department of State, "International Religious Freedom Report for 2012", 2012, [http://state.gov/j/drl/rls/irf/religious\\_freedom](http://state.gov/j/drl/rls/irf/religious_freedom) (accessed 13 Sep 2013).

Sharia.<sup>3</sup> The Palestinian National Authority (PA) pays the salaries of most imams in the West Bank and prescribes the topics that they may cover in their Friday prayer sermons.<sup>4</sup> In Gaza, many mosques have been under the

**Even if a speech was fundamentally nationalist in its message, Palestinian leader Yasser Arafat rarely failed to insert some Koranic verses.**

control of Hamas or its predecessor organisation, the Muslim Brotherhood, for decades. Religion also plays a more important role in political discourse than in the West.<sup>5</sup> Palestinian leader Yasser Arafat was known for including religious references in his speeches and using religious symbolism. Even if a speech was fundamentally nationalist in its message, he rarely failed to insert some Koranic verses. Not only the Hamas, but Arafat's Fatah too, regularly uses religious expert opinions, so-called *fatawa*,

- 3 | Of course, these provisions only apply for the Muslim population. There are separate Christian courts with similar power to the Islamic Sharia courts. Cf. The Palestinian Basic Law, n. 1; Birzeit University, "Ecclesiastical Courts in Palestine: Legal Norms and Problems of Application", *Institute of Law Roundtable Meeting*, 10 Mar 2012, [http://lawcenter.birzeit.edu/iol/en/index.php?action\\_id=266&id\\_legal=546&id\\_type=2&PHPSESSID=19af57c6b28a34e95491c338924c6e8a559a1365](http://lawcenter.birzeit.edu/iol/en/index.php?action_id=266&id_legal=546&id_type=2&PHPSESSID=19af57c6b28a34e95491c338924c6e8a559a1365) (accessed 13 Sep 2013); Felix Dane and Jörg Knocha, "The Role and Influence of Christians in the Palestinian Territories", *KAS International Reports*, 2010, 12, 56-75, [http://www.kas.de/wf/doc/kas\\_21240-544-1-30.pdf](http://www.kas.de/wf/doc/kas_21240-544-1-30.pdf) (accessed 13 Sep 2013). Conversation between the authors and Theophilos III of Jerusalem, the current Patriarch of the Orthodox Church of Jerusalem, on 9 Sep 2013 in East Jerusalem.
- 4 | Cf. U.S. Department of State, "International Religious Freedom Report for 2012: Israel and The Occupied Territories – The Occupied Territories", 2012, [http://state.gov/j/drl/rls/irf/religiousfreedom/index.htm?dynamic\\_load\\_id=208394&year=2012](http://state.gov/j/drl/rls/irf/religiousfreedom/index.htm?dynamic_load_id=208394&year=2012) (accessed 13 Sep 2013).
- 5 | One current example of this is an undated Arabic Fatah flyer in the West Bank, which the authors came across in Ramallah on 21 August 2013. The heading of the flyer is the Basmala ("In the name of God, the Compassionate, the Merciful"), the Arabic invocation that most suras of the Koran start with. The text begins with the final words of the second verse of the fifth sura ("The Dinner Table"), which was translated into German as follows by the Islam expert Rudi Paret: "Helft einander zur Frömmigkeit und Gottesfurcht, aber nicht zur Sünde und Übertretung! Und fürchtet Gott! Er verhängt schwere Strafen." (Rudi Paret, *Der Koran. Übersetzung von Rudi Paret*, W. Kohlhammer, Stuttgart, 2007, 78.) Roughly translated into English: "Help one another to be pious and to God-fearing, and not to sin and commit violations! And fear God! He imposes harsh punishments." But the subsequent text is not concerned so much with religious topics but with the current political situation, the Israeli settlements, social problems as well as the security situation in the West Bank.

and solicits approval from internationally recognised religious authorities to legitimise its own policies.<sup>6</sup> Fatah's armed wing, the al-Aqsa Martyrs' Brigades, which was set up during the Second Intifada, not only chose an Islamic sounding name, but also put a Koranic verse on its logo and issued statements with strong religious connotations.<sup>7</sup>



Yitzhak Rabin, Bill Clinton, Yasser Arafat (from left): When the violence continued after the conclusion of the Oslo Accords, Hamas initially remained on its military course. | Source: © Ron Edmonds, picture alliance / AP Photo.

However, the close link between religion and politics in no way prevented the emergence of nationalist movements. Towards the end of the 19<sup>th</sup> century, the concept of nationalism became the most significant ideology in the Middle East, although it ran counter to the idea of one single and unified Islamic state.<sup>8</sup> The goal was to modernise the community in line with the European model. The proliferation of nationalism was spurred on by the establishment of modern states after the fall of the Ottoman Empire, the

- 6 | Cf. Nathan J. Brown, "Debates about Islam and the Hamas-Fatah Schism", Heinrich-Böll-Stiftung, 2010, <http://boell.de/worldwide/middleeast/middle-east-palestine-islam-hamas-fatah-schism-8686.html> (accessed 13 Sep 2013).
- 7 | The political science academic Hillel Frisch considers this less an indicator of increased religiosity on the part of Fatah and more a tool to mobilise the population and prevent the Islamists from gaining influence. Cf. Hillel Frisch, "Has the Israeli-Palestinian Conflict Become Islamic? Fatah, Islam, and the Al-Aqsa Martyrs' Brigades", in: *Terrorism and Political Violence*, 17, 3, 2005, 391-406.
- 8 | Cf. Fred Halliday, *The Middle East in International Relations. Power, Politics and Ideology*, Cambridge University Press, Cambridge, 2005, 193-228.

fight for independence against the political and cultural dominance of Europe and the increasing ideological influence of some national-religious Muslim scholars, such as Jamal ad-Din al-Afghani, Mohammad Abduh and Rashid Rida.<sup>9</sup> The conflict between Arabs and Zionists in Palestine, which started in the 1920s, was above all a clash between two nationalist movements.

There is a wide spectrum of opinions among representatives of political Islam regarding the democratic process and whether to have a share in it. Some Islamic theorists consider democracy a foreign concept that negates God's sovereignty by its focus on the sovereignty of the people. Others, however, argue that Islam can only be represented by a democratic system on account of certain contents of the Koran, including references to the equality of all people, the need for mutual consultation (*shura*) and striving for consensus (*ijma'*).<sup>10</sup> It seems that when considering compatibility with democracy, the Islamic world is frequently equated with the Arab World, which is predominantly governed by authoritarian rule,<sup>11</sup> whereas nearly half of all Muslims live in democracies or in countries where there has been a democratic system at least temporarily.<sup>12</sup>

### **THE BEGINNINGS OF ISLAMISM AND THE RISE OF THE MUSLIM BROTHERHOOD**

Beginning with the period of the British Mandate (1920-1948) and up until the start of the 1980s, the history of political Islam in Palestine is the history of the Muslim

9 | Cf. John L. Esposito, *Islam and Politics*, Syracuse University Press, New York, 1998, 48-61.

10 | Cf. John L. Esposito and John O. Voll, "Islam and Democracy", *Humanities*, 22, 6, 2001.

11 | Cf. Alfred Stepan and Graeme B. Robertson, "An 'Arab' More Than 'Muslim' Electoral Gap", *Journal of Democracy*, 14, 3, 2003, 30-44; Alfred Stepan and Graeme B. Robertson, "Arab, Not Muslim, Exceptionalism", *Journal of Democracy*, 15, 4, 2004, 140-146.

12 | Cf. Alfred C. Stepan, "Religion, Democracy, and the 'Twin Tolerations'", *Journal of Democracy*, 11, 4, 2000, 37-57. Political science academic Alfred C. Stepan classified Pakistan, Bangladesh, Indonesia and Turkey as precisely such systems. (What these countries have in common besides a predominantly Muslim population is that they have all been governed by a female Prime Minister or President.) He also includes the Muslim inhabitants of India and of Western democracies.

Brotherhood.<sup>13</sup> While Islam also played a part in other political movements, nowhere else did religion represent such an inherent and formative component.

The Egyptian Muslim Brotherhood (al-Ikhwan al-Muslimun) was founded by teacher Hassan al-Banna in Ismailia in 1928. The movement was intended to serve as a tool for reviving Islamic principles and as a force acting against the British occupation of Egypt. The concept of jihad was at the centre of the Muslim Brotherhood's doctrine. The "Great Jihad" was seen as a means of catharsis to lead Muslims, who had lost their way, back to true Islam. This new Islam was considered a renaissance that would free Muslims from the shackles of tradition.<sup>14</sup> The "Small Jihad" consisted of the active battle against the enemies of Islam. This meant primarily the institutions of the British Protectorate.<sup>15</sup> Right from the start, the Muslim Brotherhood focused on Palestine,<sup>16</sup> a fact that illustrates the ambivalence of the movement very clearly. On the one hand, it regarded itself as a spiritual movement dedicated to Islamic upbringing and education. On the other hand, it demonstrated a strong political consciousness from its inception, which was defined by the fight against the ruling structures in the Middle East, which they described as imperialist. Contemporary journalistic sources already characterised the movement as not only religious but also pointed to the political and nationalist ideas it inherited.<sup>17</sup>

**The concept of jihad was at the centre of the Muslim Brotherhood's doctrine. The "Great Jihad" was seen as a means of catharsis to lead Muslims, who had lost their way, back to true Islam.**

13 | Cf. Ziad Abu-Amr, " Hamas: A Historical and Political Background", *Journal of Palestine Studies*, 22, 4, 1993, 5-19.

14 | Cf. Sara Roy, *Hamas and Civil Society in Gaza. Engaging the Islamist Social Sector*, Princeton University Press, Princeton, 2011, 62-67.

15 | The Islamic studies academic Tariq Ramadan vehemently contests that his grandfather Hassan al-Banna advocated the use of violence in Egypt. According to his writings, it was only permitted in Palestine because it was a response to the brutality of the British and Zionists there. Cf. Tariq Ramadan, "Whither the Muslim Brotherhood?", *The New York Times*, 8 Feb 2011, <http://nytimes.com/2011/02/09/opinion/09iht-edramadan09.html> (accessed 13 Sep 2013).

16 | Cf. Jean-Pierre Filiu, "The Origins of Hamas: Militant Legacy or Israeli Tool?", *Journal of Palestine Studies*, 41, 3, 2012, 54-70.

17 | Cf. Albion Ross, "Moslem Brotherhood Leader Slain As He Enters Taxi in Cairo Street", *The New York Times*, 13 Feb 1949, <http://query.nytimes.com/mem/archive/pdf?res=F60915FB345C177B93C1A81789D85F4D8485F9> (accessed 13 Sep 2013).

**Syrian scholar Izz ad-Din al-Qassam, the first Palestinian leader in the British Mandate territory, regarded the concept of a modernised and politicised Islam as a means of resistance.**

When the Muslim Brotherhood set up its first branch in Palestine in October 1945, they found fertile ground for the dual concept of jihad. Mohammed Amin al-Husseini, the long-time Grand Mufti of Jerusalem and President of the Supreme Muslim Council, used Islamic ideas from the 1920s onwards to mobilise Palestinians and the entire Islamic world beyond against Zionism.<sup>18</sup> However, it was the Syrian scholar Izz ad-Din al-Qassam, the first Palestinian leader in the British Mandate territory, to regard the concept of a modernised and politicised Islam as a means of resistance. He probably encountered the teachings of al-Afghani, Abduh and Rida during his studies in Cairo. These three scholars advocated the renewal, modernisation and politicisation of Islam. According to their teachings, the intrusion of Western powers into the Islamic world could only be fought by adopting certain values of Western civilisation without, however, changing the fundamental framework of Islam. They wanted Muslims to look back to their centuries-old identity and the civilisation-building, scientific and economic achievements of Islam. Only then would they be in a position to drive the Western powers out of the region and govern themselves.

Al-Qassam came to Palestine for the first time in 1921. In Haifa, he encountered a class of impoverished Palestinians who had lost their jobs due to the sale of agricultural land to Jewish immigrants from Europe and were working as day labourers in the port. In his sermons first in the Gerini and later in the Istiqlal mosque, he called for an Islamic renewal and explained how the increasing prosperity of the ruling class was contributing to the working class' poverty. He gradually developed a political ideology that envisaged the founding of an Islamic state by means including physical struggle against the British and the Zionists. He set up several Koranic groups, which operated independently of each other. In addition to religious instruction, these also provided military training.<sup>19</sup> After the murder of the Jewish police officer Moshe Rosenfeld, the British cracked down on al-Qassam's group, the Black Hand (al Kaff al-Aswad).

18 | Cf. Frisch, n. 7.

19 | Cf. Abdullah Schleifer, "Izz al-Din al-Qassam: Preacher and *Mujahid*", in: Edmund Burke, III (ed.), *Struggle and Survival in the Modern Middle East*, University of California Press, Berkeley and Los Angeles, 1993, 164-178.

In November 1935, he and some of his followers (*Qassamiyyun*) were killed in an exchange of fire.<sup>20</sup> However, his appearance in Palestine had already presaged the loss of power by the old Muslim elites, whom he accused of having failed to take action against the British and Zionists or even of collaborating with them.<sup>21</sup>

For many Palestinians, who were drawn to urban areas because of a loss of land and industrialisation and thus became part of the growing urban proletariat, al-Qassam's national-religious teachings were a wake-up call. His sermons and his following, which survived beyond his death, were significant forces in the great Arab insurrection from 1936 to 1939. Even though the Muslim Brotherhood decided against participating actively in the revolt because it lacked a network in Palestine, al-Qassam's legacy is of great significance for the way the movement developed subsequently. The religious-nationalist focus of the Palestinian Muslim Brotherhood already became apparent in their 1946 Charter. Its contents are not limited to Islamic moral principles and the Koran, but include the fight against poverty and illiteracy, improving the living standards of the Palestinians and the modernisation of society.<sup>22</sup> Initial activities included the staging of major public events, fundraising campaigns, the opening of its headquarters in Jerusalem and the setting up of local offices in Jaffa, Haifa, Nablus and other cities.<sup>23</sup>

**The religious-nationalist focus of the Palestinian Muslim Brotherhood already became apparent in their 1946 Charter. Its contents are not limited to Islamic moral principles.**

The Palestinian Muslim Brotherhood had close links to its parent organisation in Egypt. For al-Banna, the founder of the Muslim Brotherhood, the Palestinian issue became the main mobilising tool. He visited the Gaza Strip himself in March 1948. In spite of attracting an increasing following, the Brothers were marginalised during the subsequent First Israeli-Arab War. Their refusal to follow military orders

20 | Cf. Beverly Milton-Edwards, *Islamic Politics in Palestine*, I. B. Tauris, London and New York, 1999, 10-20.

21 | Cf. Beverly Milton-Edwards and Stephen Farrell, *Hamas*, Polity Press, Cambridge and Malden, 2010, 18-30.

22 | Cf. Helga Baumgarten, *Hamas. Der politische Islam in Palästina*, Heinrich Hugendubel Verlag, Kreuzlingen and Munich, 2006, 25-26.

23 | Cf. Amnon Cohen, *Political Parties in the West Bank under the Jordanian Regime, 1949-1967*, Cornell University Press, Ithaca and London, 1982, 144-208.

from the Egyptians and to adhere to ceasefires caused a rapid deterioration of the relationship with the Egyptian authorities.<sup>24</sup> This was followed in quick succession by the Muslim Brotherhood being banned, it taking revenge by assassinating the Egyptian Prime Minister Mahmud Noqrashi. Al-Banna himself was murdered in February 1949.

**After the Egyptian military coup in 1952, the Muslim Brotherhood was responsible for distributing humanitarian aid. It was the first time that it had direct contact with day-to-day political life.**

In the Gaza Strip, which was administered by Egypt, the local branch of the Muslim Brotherhood founded a new group, the Unification Association (Jam'iyat al-Tawhid). Its members organised cultural events and activities for young people in an effort to strengthen Muslim faith, while at the same time engaging in party-political activities. For the Muslim Brotherhood, the period after the Egyptian military coup in 1952 began full of promises. A leading representative of the group was made Governor of Gaza as a way of thanking the Brotherhood for supporting the coup. Among other things, the Muslim Brotherhood was responsible for distributing humanitarian aid. It was the first time that it had direct contact with day-to-day political life. At this point, it represented the largest political association in Gaza and had more members than the Communist Party.<sup>25</sup> However, its refusal to stop its attacks on Israel and an attempt on the life of the Egyptian Prime Minister Gamal Abdel Nasser by a Muslim Brother in 1954 caused a new wave of repression. The group could subsequently only operate in secret and was forced underground.<sup>26</sup>

The oppression of the Muslim Brotherhood and the arrests of leading members severely weakened the group. A younger generation then took over the leadership of the organisation with many of them prioritising religious instruction and education (*da'wah*) over militant activities. A lesson learnt from the experiences with the Egyptian authorities, which did not tolerate independent political or

24 | Cf. Filiu, n. 16.

25 | Cf. Mohammed K. Shadid, "The Muslim Brotherhood Movement in the West Bank and Gaza", *Third World Quarterly*, 10, 2, 1988, 658-682.

26 | Cf. Shaul Mishal and Avraham Sela, *The Palestinian Hamas: Vision, Violence, and Coexistence*, Columbia University Press, New York and Chichester, 2006, 16-20.



militant activities. However, not all Muslim Brothers agreed with this new direction. The leaders of the organisation at that time included people like Fathi Balawi, Salah Khalaf, Khalil al-Wazir, Yussef al-Najjar, Kamal Adwan and Assad Saftawi. Khalaf was active in Yasser Arafat's Palestinian Student Union in Cairo and subsequently became a close confidant of the later Palestinian leader. He later took the *nom de guerre* Abu Iyad. Al-Wazir, who similarly called himself Abu Jihad, suggested to the leadership of the Muslim Brotherhood in Gaza that they should set up a non-religious organisation that would take up the armed struggle against Israel. However, his ideas were not given serious consideration.<sup>27</sup> Together with Arafat, these two men founded the Palestinian National Liberation Movement (Harakat al-Tahrir al-Watani al-Filastini), the reversed acronym of which provided the name by which the organisation became known: Fatah. Adwan, al-Najjar and Balawi also joined Fatah later. There is no doubt that many people from Arafat's Cairo entourage were self-professed Muslim Brothers, but whether he himself has ever been a member is unclear.<sup>28</sup>

In any case, the religious-nationalist environment in Gaza and Egypt had a large impact on the two Palestinian movements that dominate today.<sup>29</sup> The reaction by the Muslim

**In 1960, the Muslim Brothers opposed the founding of Fatah, as they considered its approach impracticable and doomed to failure.**

Brothers to the new competition was unequivocal. In 1960, they opposed the founding of Fatah, as they considered its approach impracticable and doomed to failure. This opposition resulted in the historic break between the armed Palestinian resistance and Palestinian Islamism.<sup>30</sup> Subsequent years saw the rise of a young preacher who further developed the new line taken by the Muslim Brotherhood in Gaza: Ahmad Yasin. Having founded an educational establishment where he gave Koran lessons and where sports activities were on offer, he quickly gained a good reputation and a considerable following in the Shati refugee camp.<sup>31</sup>

27 | Cf. Khaled Hroub, *Hamas: Political Thought and Practice*, Institute for Palestine Studies, Washington, DC, 2000, 25-29.

28 | Cf. Andrew Gowers and Tony Walker, *Arafat. Hinter dem Mythos*, Deutscher Taschenbuch Verlag, Munich, 1994, 12-24.

29 | Cf. Baumgarten, n. 22, 28-31.

30 | Cf. Hroub, n. 27.

31 | Cf. Joseph Croitoru, *Hamas. Der islamische Kampf um Palästina*, C. H. Beck, Munich, 2007, 37-42.

However, many Palestinians in Gaza, most of whom were refugees who wanted to return to their homeland as soon as possible, rejected this course. They were in favour of a more active approach including armed combat.

In the West Bank, the Muslim Brotherhood joined with its parent organisation in Jordan and did not establish an independent organisation like the one in Gaza. Its main objective was to attract new members and nurture a generation of religious Palestinians. Its reputation in the highly politicised West Bank suffered because it refused to join other organisations in attacking Israeli targets. Some of the most left-wing secular-nationalist guerrilla units (*Fedayeen*), which also included members of Fatah, openly displayed their atheism and called the Muslim Brothers reactionaries. It was only during the short period between 1968 and 1970, that units of the Muslim Brotherhood attacked Israeli targets from Jordanian soil. The Muslim Brotherhood in Gaza refused these terror operations. When in September 1970 a conflict erupted between the Fedayeen and the Jordanian army due to the increasing Palestinian attacks and the Israeli counterattacks, the Muslim Brotherhood declared itself neutral and stopped all militant activities.<sup>32</sup>

Secular-nationalist groups had already accused the Jordanian Muslim Brothers of collaboration with Jordan's King Hussein back in the 1950s. They were indeed the only political movement that was permitted to operate legally in the kingdom while political parties were forbidden.<sup>33</sup> From 1951, they took part in the Jordanian parliamentary elections. When the King got into a dispute with followers of the nationalist Prime Minister Suleiman al-Nabulsi, they organised a number of mass demonstrations in support of the monarch.<sup>34</sup> Nevertheless, some Muslim Brothers did not agree with these developments, one of whom was Taquiddin an-Nabhani. He is said to have been one of al-Qassam's followers in his youth, but he left the Brotherhood and founded the Party of Liberation (*Hizb-ut Tahrir*) in 1953. One of the important factors that influenced his

**From 1951, the Muslim Brothers in Jordan took part in the Jordanian parliamentary elections. Nevertheless, some Muslim Brothers did not agree with these developments.**

32 | Cf. Hroub, n. 27, 29-36.

33 | Cf. Baumgarten, n. 22, 21-22.

34 | Cf. Shadid, n. 25.

decision is thought to have been criticism of the close link between the Muslim Brotherhood and the Jordanian royal house. He also accused the group of not being sufficiently committed to the unity of all Muslims and believed that this was due to the Brotherhood's nationalist mind-set. He thought that Muslims needed to overcome nationalism because it was a European invention intended to split the Muslims and subsequently conquer them.<sup>35</sup> An-Nabhani described his movement as a political party whose ideology was Islam. The Islamic world view would be the only option for Muslims, as capitalism was based upon the separation of religion from life, and communism denied the existence of a creator.<sup>36</sup> The party's aim was to unite all Muslims in a new caliphate. In doing so, the movement was relying exclusively on peaceful means to achieve this final state.<sup>37</sup> The group never participated in the political process as this was equated to legitimising the occupation. The movement has had a stable, albeit modest following in the West Bank and the Gaza Strip ever since. However, apart from occasional demonstrations, it hardly attracts public attention.<sup>38</sup> After an-Nabhani's death in 1977, Hizb-ut Tahrir developed gradually into a pan-Islamic movement with its stronghold in Central Asia, where it took advantage of the spiritual, ideological and political vacuum created by the collapse of the USSR.

While the Muslim Brotherhood withdrew from armed battle and was involved in politics only indirectly, mainly through activities in the youth, social and welfare sectors, Fatah intensified its attacks on Israel. Over the next few years, this produced the paradoxical situation where the Islamists restricted their activities to the Gaza Strip and the West Bank, while secular-nationalist groups pursued an expansionist agenda, taking the conflict across national borders by attacking Israeli targets from bases in Egypt, Syria,

35 | Cf. David Commins, "Taqi al-Din al-Nabhani and the Islamic Liberation Party", *The Muslim World*, 81, 3-4, 1991, 194-211.

36 | Cf. Taqiuddin an-Nabahani, *The System of Islam (Nidham ul Islam)*, Al-Khilafah Publications, London, 2002, 33-72.

37 | Cf. John Horton, "Hizb-ut Tahrir: Nihilism or Realism?", *Journal of Middle Eastern Geopolitics*, 2, 3, 2006, 71-83.

38 | Cf. Sergio Garcia-Arcos, "Hizb Al-Tahrir in Palestine: a new political actor?", *Expert Analysis*, Norwegian Peacebuilding Resource Centre, Jun 2013, [http://peacebuilding.no/var/ezflow\\_site/storage/original/application/e9248be56edf96317bda8d7c18f31171.pdf](http://peacebuilding.no/var/ezflow_site/storage/original/application/e9248be56edf96317bda8d7c18f31171.pdf) (accessed 13 Sep 2013).

Jordan and the Lebanon. Some of these groups even did not shy away from carrying out attacks in Europe.

### CONDITIONS FAVOURABLE TO THE ESTABLISHMENT OF HAMAS

Subsequent to the Six Day War in June 1967 and the Israeli occupation of the West Bank and Gaza Strip, the borders between these two territories and Israel opened up. The Muslim Brothers in Gaza and Jordan took advantage of the situation and united to form the Muslim Brotherhood Society in Jordan and Palestine. While Fatah and other groups pursued their War of Attrition against Israel, the Muslim Brothers continued to focus on education and on spreading the faith. However,

**From 1967 onwards, the Muslim Brothers started to organise formally, supported by the disillusionment of many Palestinians following the devastating defeat of the Arab armies in the Six Day War.**

from 1967 onwards, they also started to organise formally, supported by the disillusionment of many Palestinians following the devastating defeat of the Arab armies in the Six Day War. The old ideologies, such as pan-Arabism and socialism, were in crisis. Yasin was convinced that the time for Islam had arrived: "Islam is the refuge for the people in Palestine. After the defeat in 1967, people felt a great need for God."<sup>39</sup>

Over the next two decades, hundreds of new mosques were built in Gaza and the West Bank. The headquarters of the Muslim Brotherhood, the Islamic Centre (al-Mujamma al-Islami), was founded during this mosque-building period. Set up in Gaza City in the mid-1970s by Yasin, leader of the Brotherhood in Gaza since 1968 and the two young doctors Abd al-Aziz ar-Rantisi and Mahmoud az-Zahar, the Mujamma continued the trend of increasing institutionalisation and politicisation of the Muslim Brotherhood.<sup>40</sup> A strict vertical hierarchy developed within the Brotherhood, with the executive council and local district committees at the top. There were three categories of members: full members, affiliated members and supporting members.<sup>41</sup> The headquarters controlled a network

39 | "Islam is the refuge for the people in Palestine. After the defeat in 1967, people felt a great need for God." Sa'ïd al Ghazali, "Islamic Movement versus National Liberation", *Journal of Palestine Studies*, 17, 2, 1988, 179.

40 | Cf. Croitoru, n. 31, 43-48.

41 | Cf. Shadid, n. 25.

that extended across the entire Gaza Strip and comprised mosques, hospitals, sports clubs and educational establishments. The services and activities provided were heavily subsidised by the Brothers and their foreign donors. The headquarters also coordinated the collection of the Islamic charitable giving, the *zakat*.<sup>42</sup> In a type of adoption programme, wealthy families took care of poorer households. The Mujamma also tried to mediate in and help resolve conflicts between the different clans in Gaza. An institutional infrastructure of Islamic character developed that would serve as the basis for future political activities.<sup>43</sup>

The Israeli military occupation force gave the Islamists free reign. They were permitted to hold large demonstrations and continued to receive funds from abroad without any restrictions. The reason for this was hope on the Israeli side that the success of this movement may help weaken militant organisations – an expectation that was fulfilled. The Brotherhood also benefited from a type of Islamic awakening in the Palestinian Territories and a politicisation of Islam following the Islamic Revolution in Iran in 1979. Surveys from the 1970s and 1980s confirm a rise in religiosity among Palestinians. In an opinion poll between August 1983 and February 1984, 49 per cent of respondents professed themselves to be strongly religious, a further 20.2 per cent to be moderately religious. The number of those professing themselves to be strongly religious was considerably greater in Gaza than in the West Bank. Of those aged between 25 and 30, 14.7 per cent stated that they prayed more frequently than just five years previously.<sup>44</sup>

**The Muslim Brotherhood benefited from a type of Islamic awakening in the Palestinian Territories and a politicisation of Islam following the Islamic Revolution in Iran in 1979.**

42 | The use of the proceeds from this voluntary charitable giving is controlled by local committees in Gaza and in the West Bank to this day. To what extent Hamas benefits is not clear. But it is said that the Hamas government has been making efforts lately to coordinate the work of the zakat committees more strongly. Cf. Roy, n. 14, 113-118; Monika Bolliger, "Islamismus und Macht im Gazastreifen", *Neue Zürcher Zeitung*, 3 Jun 2013, <http://nzz.ch/aktuell/international/uebersicht/1.18091754> (accessed 13 Sep 2013).

43 | Cf. Roy, n. 14, 70-95.

44 | Cf. Shadid, n. 25.

Thus, the Muslim Brotherhood was able to begin its fight for supremacy in Gaza from a position of relative strength at the end of the 1970s. The Muslim Brotherhood in Gaza began a systematic campaign of suppressing political and social organisations that they identified as secular. This conflict occasionally took the form of a cultural battle. At

**Both in Gaza and in the West Bank, increasing numbers of demonstrators appeared brandishing a copy of the Koran and shouting: "Allah is great".**

social events such as weddings they replaced nationalist phrases and symbols with religious ones. They started to bring Islamic literature into circulation and increased their presence during protests against the Israeli occupation. Both in Gaza and in the West Bank, increasing numbers of demonstrators appeared brandishing a copy of the Koran and shouting: "Allah is great".<sup>45</sup> Violence was employed regularly, for instance at universities in the West Bank, which were under the control of secular-nationalist groups.<sup>46</sup> At the same time, they remained open to political participation. However, unlike the situation in the West Bank, where local elections took place in 1972 and 1976, local councillors in Gaza were appointed by the Israeli military occupying force.<sup>47</sup> This resulted in traditional power structures being reinforced, denying the Muslim Brotherhood the opportunity of influencing local politics by way of political mobilisation. But when elections did take place, the Brothers did not show any reluctance in participating in the political process. During the student elections at the Islamic University of Gaza in January 1983, the Islamic block (al-Qutla al-Islamiyya), the list of the Muslim Brotherhood, gained 51 per cent of the votes.<sup>48</sup> The Brothers also performed well in the student elections in Nablus and Hebron.<sup>49</sup>

45 | Cf. Paul Hofmann, "Autonomy Is A Dirty Word To the Arabs Of Nablus", *The New York Times*, 1 Jul 1979, <http://query.nytimes.com/mem/archive/pdf?res=FB0B13F83D5C11728DDA80894DF405B898BF1D3> (accessed 13 Sep 2013).

46 | Cf. Shadid, n. 25.

47 | Cf. Aude Signoles, "Local Government in Palestine", *Focales collection*, 2010, 16-17, <http://www.afd.fr/webdav/site/afd/shared/PUBLICATIONS/RECHERCHE/Scientifiques/Focales/02-VA-Focales.pdf> (accessed 13 Sep 2013).

48 | Cf. Filiu, n. 16.

49 | Cf. Baumgarten, n. 22, 45.

Since the end of the 1970s, a serious competitor to the Muslim Brotherhood has emerged on the Islamist side as well. Fathi Shikaki from Rafah in Gaza encountered radical Muslim thinking while studying medicine in Cairo, and the Islamic Revolution in Iran inspired him to become active himself.<sup>50</sup> Contrary to the Muslim Brotherhood, he considered the battle for Palestine a matter that concerned the entire Islamic world and had to be primarily conducted by military means. He founded several relatively small cells, which were subsequently collectively referred to by the term Islamic Jihad (*al-Jihad al-Islami*). In collaboration with the group's spiritual leader, Abd al-Aziz Odeh, he initially concentrated on recruiting new followers. The recruitment drive was particularly effective among young Palestinians who were dissatisfied with the compromises made by the PLO factions and the stance of the Muslim Brotherhood, which they perceived as passive. The group considered itself a vanguard and described the path taken by the Muslim Brotherhood as "unrevolutionary" and misguided. The members thought of themselves as the true heirs of al-Qassam – with the Koran in one hand and a weapon in the other.<sup>51</sup> They were not interested in engaging in social or political activities. Islamic Jihad has still not developed a political profile or taken part in any elections and it was never able to develop a following beyond its organisational core. The group receives most of its support from the Iranian regime.<sup>52</sup>

**Fathi Shikaki founded several relatively small cells, which were subsequently collectively referred to by the term Islamic Jihad (*al-Jihad al-Islami*).**

50 | Cf. Christoph Reuter, *My Life is a Weapon. A Modern History of Suicide Bombing*, Princeton University Press, Princeton and Woodstock, 2004, 94-96.

51 | Cf. Elie Rekhess, "The Iranian Impact on the Islamic Jihad Movement in the Gaza Strip", in: David Menashri (ed.), *The Iranian Revolution and the Muslim World*, Westview Press, Boulder, 1990, 189-205, <http://jewish-studies.northwestern.edu/docs/rekhess-iran.pdf> (accessed 13 Sep 2013).

52 | As the exiled leadership of Hamas began to withdraw from Syria from the end of 2011 and joined the side of the rebels fighting against the regime, Iran cut its funding to Hamas. Instead, increasing amounts of money are flowing from Teheran to Islamic Jihad, which is continuing to support Damascus as is Iran. Iran appears to consider the group to be a more reliable partner now than the independently acting Hamas. Cf. Fares Akram, "In Gaza, Iran Finds an Ally More Agreeable Than Hamas", *The New York Times*, 31 Jul 2013, <http://nytimes.com/2013/08/01/world/middleeast/in-gaza-iran-finds-a-closer-ally-than-hamas.html> (accessed 13 Sep 2013).

**Passive resistance against the occupation was followed by the founding of the first armed cells. This radical change of course was controlled mainly by Yasin.**

For the Muslim Brotherhood in Gaza and in the West Bank, the founding of Islamic Jihad became a catalyst that spurred the transformation from an organisation engaged mainly in social and partly in political activities into a group that also engaged in military activities. Passive resistance against the occupation was followed by the founding of the first armed cells. This radical change of course was controlled mainly by Yasin, who procured weapons and organised paramilitary training with the help of other leadership figures. The escalation in the mid-1980s made it necessary for the Muslim Brotherhood to reconcile its long-term goal of changing society with the armed struggle. Cells with names such as Group for Jihad and Call to Islam (*Madjmuat al-Jihad wa-l-Dawa*) were founded. These were independent of each other and pursued two objectives. The first was to fight against the occupying power (which developed slowly). The second was to identify Palestinian collaborators, criminals, drug dealers and alcohol sellers, with all the more vigour.<sup>53</sup>

### **ARMED STRUGGLE AND TERRORISM**

On 8 December 1987, a fateful traffic accident took place in Gaza, in which an Israeli truck collided with a Palestinian share taxi. Whether it was a military truck or whether one or two share taxis were involved in the accident is not clear to the present day. The undisputed fact is that four Palestinian labourers died. After the accident, spontaneous mass demonstrations took place across the Palestinian Territories, which became the trademark of the First Intifada (1987-1993). The accident was reinterpreted as a planned act of revenge for the killing of an Israeli in Gaza the previous day and would be remembered as the culmination of a creeping escalation that had begun years before. There had been repeated incidents of Palestinian attacks and Israeli reprisals during previous years, which were happening at ever shorter intervals. The root causes of this deterioration were the ongoing aggravation of social conditions in the Palestinian Territories, increasing dependence on the Israeli economy and its labour market,<sup>54</sup> the

53 | Cf. Shadid, n. 25.

54 | The political economist Sara Roy uses the term "de-development" for the economic situation in Gaza. She blamed Israeli policies in Gaza, which she said were characterised by low >



creeping land grab by Israel to build new settlements, and a highly political young generation.<sup>55</sup>

The leadership of the Muslim Brotherhood convened immediately to discuss how to deal with the new situation. Pressure from the streets made it essential to confront the occupation head on. The organisational response was the founding of the Islamic Resistance Movement (Harakat al-Muqawama al-Islamiya), whose acronym Hamas was subsequently used as its designation. The name also implies a meaning like "zeal". In an early pamphlet, the founding of Hamas was justified not only with the occupation of Palestine but also with the PLO's increasing willingness to compromise.<sup>56</sup> The newly founded organisation provided the Muslim Brotherhood with an additional organisational vehicle. If the violence had dissipated quickly, the Muslim Brothers would have been able to dissolve Hamas and dedicate themselves once more to their traditional goals as the Muslim Brotherhood. But when the demonstrations and strikes showed no sign of abating, the Brothers decided to designate Hamas irrevocably as a branch of the Palestinian Brotherhood. The subsequent period saw the Muslim Brotherhood and Hamas gradually becoming equated.

**When the demonstrations and strikes showed no sign of abating, the Brothers decided to designate Hamas irrevocably as a branch of the Palestinian Brotherhood.**

Their flyers and writings, and the Hamas Charter published in August 1988, illustrated once again the two-faced nature of the organisation. On the one hand, they put forward openly religious, anti-Semitic and misogynous arguments. The authors used stereotypes from the tradition of Christian-European anti-Semitism where Jews were characterised as being all-powerful. They were attributed all the evil in the world, from the two world wars to the

levels of investment in social and economic infrastructure, discriminatory tax legislation, dissimilar treatment of Israeli and Palestinian producers, control of the traffic in goods and land grabbing, amongst other things. She explained the modest degree of prosperity after 1967 by the relatively high wages that Palestinians received in Israel as well as money transfers from Palestinians working abroad. But she believed that the positive impacts were limited as these incomes were neither generated nor invested in Gaza. Cf. Sara Roy, "The Gaza Strip: A Case of Economic De-Development", *Journal of Palestine Studies*, 17, 1, 1987, 56-88.

55 | Cf. Croitoru, n. 31, 65-74; Baumgarten, n. 22, 37-48.

56 | Cf. Hroub, n. 27, 292-301.

**Hamas was a Palestinian movement aimed at setting up an Islamic state in the entire territory of historic Palestine. As such it was following in the footsteps of al-Qassam.**

present-day drug trade. The writings also mentioned the anti-Semitic fabrications of The Protocols of the Elders of Zion. As the threat posed by Zionism was supposedly global, the response also had to be global. On the other hand, strongly nationalist arguments were put forward at the same time. Hamas was a Palestinian movement aimed at setting up an Islamic state in the entire territory of historic Palestine. As such it was following in the footsteps of al-Qassam. Nationalism was described as an integral part of the religious ideology of Hamas.<sup>57</sup> Palestine forms the core of this world view, surrounded by three concentric circles: the Arab world, the Islamic world and the rest of the world.<sup>58</sup> Guided by these beliefs, Hamas was in direct competition with the PLO, which claimed the monopoly on the "national liberation battle". However, with the proclamation of an independent Palestinian state in the territories occupied by Israel in 1967, which was made on 15 November 1988, it became clear that the PLO was way ahead of Hamas regarding the willingness to make concessions and pragmatic decisions. At that time, the two-state solution was still totally unthinkable to Hamas. Over the years and particularly during the parliamentary elections of January 2006, the Charter lost a great deal of its significance for Hamas, but in spite of several announcements, it was never changed or formally toned down.

During the years of the Intifada, the military influence exerted by Hamas steadily increased. Although Hamas continued to take part regularly in elections at universities, unions and chambers of commerce, the militant struggle played a dominant role. What started as demonstrations soon progressed to stone throwing and attacks with Molotov cocktails, and culminated in knife attacks, use of firearms and abductions. One event that took on central significance for the escalation involved clashes at the Temple Mount, the al-Haram ash-Sharif, a place in East Jerusalem that is sacrosanct to Muslims. Here Israeli police shot dead 17 Palestinians in October 1990. Several months later, the armed wing of Hamas was founded, the Izz ad-Din al-Qassam Brigades. As the situation in the Palestinian Territories

57 | Cf. Baumgarten, n. 22, 207-226.

58 | Cf. Khaled Hroub, *Hamas: A Beginner's Guide*, Pluto Press, London and New York, 2010, 22-23.

escalated, secret talks between Israel and the PLO got underway in Norway on 20 January 1993, which would later result in the Oslo Accords. These gave the Palestinians a degree of autonomy for the first time and facilitated the establishment of the PA. They were also intended to lay the foundation for a peace agreement and the establishment of a Palestinian state. It appeared that the PLO's willingness to enter into compromise would finally bear fruit. With its maximum demands, Hamas risked becoming marginalised. Once Israel had declared Hamas a terrorist organisation in 1989, leading figures of the organisation were arrested or exiled, including Yasin, the group's spiritual leader. The head of the politburo, Musa Abu Marzuq, was arrested in the USA in 1995, where he had been living for several years.<sup>59</sup>



Khaled Meshal: After the Oslo Accords, the new head of the politburo and other members of the leadership decided to separate the political and social wing from the military wing. | Source: Trango ©.

## THE LONG ROAD TO POLITICAL PARTICIPATION

After the Oslo Accords, Hamas found itself in an existential crisis. The new head of the politburo Khaled Meshal and other members of the leadership decided to separate the

59 | Cf. Steven Greenhouse, "U.S. Detains Arab Tied to Militants", *The New York Times*, 28 Jul 1995, <http://nytimes.com/1995/07/28/world/us-detains-arab-tied-to-militants> (accessed 13 Sep 2013).

political and social wing from the military wing.<sup>60</sup> In future, only a few of the top people from the political wing became involved in military activities. To them, popularity, legitimacy as well as visibility – in short: political survival – were crucial reasons for their course of action.<sup>61</sup> This picked up on a trend towards greater political participation, which had begun back in the early 1990s.

In 1992, Hamas drafted an internal document, which started from the premise that an agreement between Israel and the PLO was possible. This could entail certain autonomous rights, such as the holding of national elections. Written in the style of a political memorandum, it described

**Hamas wavered between taking part in elections and actively opposing them. The chances of being able to prevent elections by violent means were considered low.**

several potential scenarios. Hamas wavered between taking part in elections and actively opposing them. The chances of being able to prevent elections by violent means were considered low. A mere boycott would result in political isolation, while participation could be construed as acceptance of the Israeli-Palestinian agreement. The chances of electoral success were also judged to be low.<sup>62</sup> But when the violence continued after the conclusion of the Oslo Accords, Hamas initially remained on its military course. While Hamas had succeeded in preserving coherence among its disparate following – urban youth from an impoverished background, pious members of the middle class and an Islamic intelligentsia – during the first few years of the Intifada, it subsequently favoured open terror, which was considered controversial in the group itself.<sup>63</sup> In February 1994, the Israeli soldier Baruch Goldstein killed 29 Muslims who had come to pray at the Abraham Mosque in Hebron. During the next few weeks, Hamas responded with a wave of terror attacks, including a suicide attack that

60 | Cf. Roger Gaess, "Interviews from Gaza: What Hamas Wants", *Middle East Policy* 9, 4, 2002, 102-115.

61 | Cf. Jeroen Gunning, "Peace with Hamas? The transforming potential of political participation", *International Affairs* 80, 2, 2004, 233-255, <http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2346.2004.00381.x/pdf> (accessed 13 Sep 2013).

62 | Cf. Shaul Mishal and Avraham Sela, "Participation without Presence: Hamas, the Palestinian Authority and the Politics of Negotiated Coexistence", *Middle Eastern Studies* 38, 3, 2002, 1-26.

63 | Cf. Gilles Kepel, *Jihad. The Trail of Political Islam*, I. B. Tauris, London, 2006, 323-334.

led to the death of more than a dozen Israeli civilians.<sup>64</sup> However, the conflict with the newly founded PA, which was dominated by Fatah, also intensified. In response to pressure from Israel, but also in the knowledge of the Islamists' destructive influence, the Palestinian leadership adopted even tougher measures against Hamas and Islamic Jihad. In November 1994, at least 14 demonstrators were shot dead by Palestinian security forces during a protest in Gaza that had been organised by these two groups.

It was in this climate of violence and inadequate implementation of the Oslo Accords, that the first Palestinian presidential and parliamentary elections took place on 20 January 1996. Hamas had decided not to take part. It called for a boycott, but did not take any action to prevent people from casting their votes. In fact, it motivated individual Islamists to stand as independent candidates in the parliamentary elections. At least five of them were voted onto the Palestinian Legislative Council.<sup>65</sup> Palestinian leader Arafat had previously taken all possible steps to exclude opposition parties from the elections, or at least to minimise their chances. From the electoral system to the boundaries of the electoral constituencies and to the election campaign modalities, everything was skewed to guarantee Fatah's victory. It was ultimately not the religious nature of Hamas but rather political calculation that caused it not to become involved in the political process.

**From the electoral system to the boundaries of the electoral constituencies and to the election campaign modalities, everything was skewed to guarantee Fatah's victory.**

The period up to the year 2000 was characterised by peace negotiations that produced little result, while tensions between Hamas and the PA were rising. Following Hamas attacks on Israel, hundreds of Islamists were arrested by the PA on various occasions, even though influential Hamas members had voiced criticism of military activities. Those arrested included some members of the leadership. Torture was regularly being used in jails. The PA took over mosques that had close links to Hamas and closed

64 | Cf. Israel Ministry of Foreign Affairs, "Fatal Terrorist Attacks in Israel Since the DOP (Sept 1993)", 2000, <http://www.mfa.gov.il/MFA/ForeignPolicy/Terrorism/Palestinian/Pages/Fatal%20Terrorist%20Attacks%20in%20Israel%20Since%20the%20DOP%20-S.aspx> (accessed 13 Sep 2013).

65 | Cf. Mishal and Sela, n. 62.

their social institutions.<sup>66</sup> However, the frustration felt by the Palestinians played into the hands of Hamas, which insisted on its maximum demands, but was weakened by Israel and the PA. Nevertheless, even the Islamists were surprised when a new Intifada was triggered by the failed Camp David negotiations and the provocative visit by the Israeli opposition politician Ariel Sharon to the Temple Mount in the Old City of East Jerusalem on 28 September 2000. Initially disorganised and then supported by Fatah, the insurrection ran on for several months without involvement of Hamas. The group was hesitant, as it had been in the case of the First Intifada. It did not wish to jeopardise its network of social and charitable institutions. However,

**All the positive signs of the peace process disappeared and there was nobody in the PA who contemplated a second round of national elections. Large parts of the political infrastructure were destroyed.**

when the violence reached a level exceeding anything that had gone before, and popular demand for revenge became ever greater, Hamas responded with a series of suicide attacks that killed hundreds of Israelis. Many leading Hamas figures, including the founding members Yasin, ar-Rantisi and Ismail Abu Shanab, were subsequently killed in targeted strikes by the Israeli Army. All the positive signs of the peace process disappeared and there was nobody in the PA who contemplated a second round of national elections. Large parts of the political infrastructure were destroyed during the course of the insurrection that lasted until 2005.

It was back in the era before Arafat's death in November 2004 that a decision was taken to hold local elections in the Palestinian Territories for the first time since 1976. Hamas immediately decided to participate. It had demanded local elections to be held since the mid-1990s. Arafat may well have postponed these elections for this very reason, as he feared that the Islamists would perform well in them. Hamas justified its decision to take part with the nature of the elections. It stated that there had been local council elections even before the Oslo Accords. Unlike the parliamentary and presidential elections, these had a direct impact on the scope and type of services provided to the people. Therefore, it would be not so much a political act but an executive one.<sup>67</sup> But Hamas' calculation was also

66 | Cf. Wendy Kristianasen, "Challenge and Counterchallenge: Hamas's Response to Oslo", *Journal of Palestine Studies* 28, 3, 1999, 19-36.

67 | Cf. Mishal and Sela, n. 62.

based on the assumption that its own chances of success had improved with the failure of the Oslo process, the bloodshed and the expansion of its own social infrastructure, which had considerably increased its importance due to the destruction of the official institutions of the PA. New local representatives were elected in over 260 communities in four phases from December 2004 to December 2005. While Fatah won in approximately 120 communities, Hamas was able to decide the election in its favour in some 80 communities. In the major cities of Nablus, Jenin and Qalqilya, it would provide the mayor from that time onwards. In the historically Christian cities of Bethlehem and Ramallah, left-wing candidates were elected with Hamas' support. There were no elections in its strongholds of Gaza City and Hebron.<sup>68</sup>

This positive outcome was a surprise even for Hamas itself.<sup>69</sup> It prompted its decision to also take part in the parliamentary elections in 2006. Back in the presidential elections in 2005, Hamas had decided not to put forward

**During the short period up to the elections, the Islamists had to prove that they had the capacity to govern. For the first time they formed part of the PA system.**

a candidate of its own knowing that, in view of Arafat's recent death, whichever candidate Fatah put forward was bound to win. During the short period up to the elections, the Islamists now had to prove that they had the capacity to govern. For the first time they now formed part of the PA system. They were responsible for thousands of local employees and they had to provide services for over a million Palestinians. While the local authorities only have limited decision-making powers, they are one of the biggest employers in the Palestinian Territories and therefore subject to patronage. There were reports of Hamas giving preferential treatment to its own followers when filling posts, as Fatah had done for decades. There was also little change in other areas. Hardly any political or ideological debate about what was permitted in interactions with the PA and with Israel was led. Where it was necessary, contacts with Israel continued in order to guarantee the

68 | Cf. Arnon Regular, "1.1m Palestinians live in local councils controlled by Hamas", *Haaretz*, 18 Dec 2005, <http://haaretz.com/print-edition/news/1.176882> (accessed 13 Sep 2013).

69 | Mahmoud az-Zahar may be an exception. In an interview in 2002, he expressed his conviction that Hamas would win free local and national elections. Cf. Gaess, "Interviews from Gaza: What Hamas Wants", n. 60.

provision of basic services. The smooth handover in many local councils was also facilitated by the fact that Hamas had already been involved in local politics through its widespread social network, albeit at an informal level. While international observers praised the pragmatism and effectiveness of the new local authorities, there was also some criticism. Occasional reports about the cancellation of cultural events raised fears that Hamas may be pursuing the Islamisation of society.<sup>70</sup>

### VICTORY FROM A STANDING START

The last survey before the parliamentary elections on 25 January 2006 already indicated that Hamas would perform well. In the opinion poll conducted between 17 and 19 January, 42 per cent of voters stated they would vote for the Fatah list and 35 per cent for the Hamas "List for Change and Reform". A further seven per cent were undecided.<sup>71</sup> Due to the election system, the winning margin of only a few per cent on that day was sufficient to give Hamas an overwhelming victory. With a voter turnout of some 78 per cent, Hamas was able to win 74 of the 132 seats on the Palestinian Legislative Council, while Fatah merely won 45. Apart from the election system, which favours the largest party, there were other reasons for the Islamists' landslide victory. Fatah focused on the peace process in its national election campaign, but most voters did not consider this a priority in view of the lack of progress. Many voters were also dissatisfied with decades of Fatah rule. Hamas exploited the dissatisfaction with government action in areas such as the fight against corruption, the rule of law and security, by presenting itself as a clean organisation. Added to this was the quarrelling within the secular-nationalist camp, which attracted 56 per cent of the votes. The different parties of the PLO did not manage to agree on joint candidates before the election,

**Fatah focused on the peace process in its national election campaign, but most voters did not consider this a priority in view of the lack of progress.**

70 | Cf. International Crisis Group (ICG), "Enter Hamas: The Challenges of Political Integration", *Middle East Report* 49, 18 Jan 2006, <http://crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/049-enter-hamas-the-challenges-of-political-integration.aspx> (accessed 13 Sep 2013).

71 | Cf. Palestinian Center for Policy and Survey Research (PCPSR), "Special Public Opinion Poll on the Upcoming Palestinian Elections", 2006, <http://pcpsr.org/survey/polls/2006/pre-electionsjan06.html> (accessed 13 Sep 2013).



while Hamas demonstrated a high degree of internal unity and discipline.<sup>72</sup>

In February 2006, Palestinian President Mahmoud Abbas, who had been elected in January 2005, asked the top Hamas candidate, Ismail Haniyeh, to form a government. It soon transpired that, despite Haniyeh's appeal for all parties to work together to form a government, the old feuds persisted. Fatah quickly decided to go into opposition, while other parties negotiated with Hamas, but ultimately did not join the government either. It remains unclear whether international pressure played a role in all this.<sup>73</sup> At the end of March that year, the parliament gave the Hamas government, which only included a small number of technocrats, a vote of confidence. It was subsequently sworn in by President Abbas. However, the Islamists soon accused Fatah of never having accepted its defeat. There were more and more incidents of fighting between different

Palestinian factions and attacks in the Gaza Strip. Although Hamas and Fatah concluded a reconciliation agreement and agreed on the formation of a unity government, the mutual distrust resulted in heavy fighting in

**The mutual distrust between Hamas and Fatah resulted in heavy fighting in June 2007. Within a few days Hamas brought the entire Gaza Strip under its control.**

June 2007. Within a few days Hamas brought the entire Gaza Strip under its control. Many Fatah members were arrested or fled. This was the beginning of the political split of the Palestinian Territories into two political unities, with the Gaza Strip being controlled by Hamas and the West Bank dominated by Fatah. The PA dissolved the political, social and charitable network of associations, clubs and mosques that Hamas had built up in the West Bank. Many Hamas members, including some MPs and mayors, were arrested by Israel or by the PA, Hamas publications were banned and for a long time, Hamas followers were banned from appearing in public or from demonstrating. Hamas took similar action against Fatah in Gaza. Attempts at bringing about a reunification of the two territories have so far failed, but both parties are now permitted to demonstrate a limited presence in the territory of the respective other party. Hopes for a reconciliation between Hamas and

72 | Cf. PCPSR, "Results of PSR Exit Polls For Palestinian PLC Elections", 2006, <http://pcpsr.org/survey/polls/2006/exitplcfulljan06e.html> (accessed 13 Sep 2013).

73 | Cf. Baumgarten, n. 22, 181-184.

Fatah appear to have diminished once again of late, with the deposing of the Islamist Egyptian President Mohamed Morsi, who had been a high-ranking member of the Muslim Brotherhood until his election, and the resumption of peace negotiations between Palestinians and Israelis in July 2013. Apparently there have been deliberations within Fatah as to whether Gaza should be classified as a “rebel province” to justify cutting PA payments to Gaza and opening up the possibility of reclaiming the territory by force, if necessary.<sup>74</sup>

### **HANDLING GOVERNMENTAL RESPONSIBILITY**

Interviews with members of the leadership, the election programme for the parliamentary elections in 2006 and the government programme of the short-lived unity government, show a picture of a slowly reforming Hamas, which is attempting to reconcile its religious and nationalist legacies.<sup>75</sup> In an interview back in 2002 Yasin, the spiritual leader of Hamas, offered recognition of Israel under the condition that the Israeli side would recognise the rights

74 | Cf. Jodi Rudoren, “Pressure Rises on Hamas as Patrons’ Support Fades”, *The New York Times*, 23 Aug 2013, <http://nytimes.com/2013/08/24/world/middleeast/pressure-mounts-on-hamas-as-economic-lifelines-are-severed.html> (accessed 13 Sep 2013). The emergence of the group Tamarrud (Rebellion) in Gaza is also hampering the relationship between the two sides. A group by the same name had previously advocated the overthrow of the Muslim Brotherhood in Egypt. This had subsequently encouraged the founding of a Tamarrud group in the Palestinian Territories as well, which criticised the Israeli occupation, Fatah and Hamas. One of several Gaza variants of the group, which calls itself “Rebellion against Injustice in Gaza” in full, put up a video on YouTube on 18 August in which it called for major demonstrations in Gaza on 11 November to overthrow the Hamas regime. Amongst other things, they accused the Islamists of murder, torture and corruption. 11 November is the day of Yasser Arafat’s death. Hamas is accusing Fatah and the Egyptian secret service of being behind the group. See also the group’s Facebook page: <http://fb.com/tamradgaza1> (accessed 13 Sep 2013).

75 | A number of authors compare the change Hamas is undergoing with the transformation of Fatah or the PLO between the 1960s and 1980s. Strikingly, the strategy to achieve the liberation of Palestine has undergone similar changes in both cases. While the armed struggle was considered the only option for establishing a state of their own for a long time, other options were subsequently added. Cf. Michael Irving Jensen, *The Political Ideology of Hamas. A Grassroots Perspective*, I. B. Tauris, London and New York, 2009, 147-150.

of the Palestinian people. The establishment of an Islamic state should be left to the democratic process. Abu Shanab, founding member of Hamas, has made similar statements. If Israel were to fully withdraw from the territories occupied in 1967, they would give up the armed struggle. After the founding of a Palestinian state and the resolution of the refugee issue on the basis of UN General Assembly Resolution 194, the Palestinians would be engaged for an entire generation in building a functioning state. During this time, it would be possible to maintain good relations with Israel. It would be up to future generations to decide what should happen after that, while existing agreements would have to be honoured.<sup>76</sup>

While the right to armed resistance and the demand for Sharia to be used as the main source of legislation are mentioned in the election programme, it is mostly free from anti-Semitic polemic. Instead, the points stressed include the need to protect minority rights, to uphold women's rights and to guarantee freedom of opinion. The government programme speaks of setting up democratic institutions, separation of the three powers and the upholding of civil rights. It further respects the agreements made by the PLO, recognises the prerogative of the PLO to conduct negotiations, and mentions the possibility of a final agreement with Israel.<sup>77</sup>

**The government programme speaks of setting up democratic institutions, separation of the three powers and the upholding of civil rights.**

But the Islamists' wording and writings should not mislead anybody about their desire for power. The fact that the splitting of the Palestinian Territories resulted in the PA withdrawing from Gaza's institutional framework and that most employees were paid by Ramallah for doing no work enabled Hamas to take over power smoothly.<sup>78</sup> The security apparatus was the first to be taken over to guarantee Hamas the "monopoly of the legitimate use of physical force",<sup>79</sup> which Max Weber considered necessary

76 | Cf. Gaess, n. 60.

77 | Cf. Michael Bröning, *Political Parties in Palestine. Leadership and Thought*, Palgrave Macmillan, New York, 2013, 15-56.

78 | Cf. Yezid Sayigh, "Hamas Rule in Gaza: Three Years On", *Middle East Brief* 41, Brandeis University, Crown Center for Middle East Studies, Mar 2010, <http://brandeis.edu/crown/publications/meb/MEB41.pdf> (accessed 13 Sep 2013).

79 | Max Weber, *Politik als Beruf*, Duncker & Humblot, Berlin, 2010, 8.

for establishing a state. The armed wing of Hamas took on the responsibilities of a classic army, whose operations are directed outwards. Hamas repeatedly permitted more radical groups to carry out terror attacks on Israel or even provided support. Occasionally, it conducted direct attacks itself, which were justified with religious arguments and with the need to take revenge. This conduct, which is continuing to the present day, caused several devastating escalations of violence between the armed wing of Hamas and the Israeli Army, during which the Islamists' institutional infrastructure suffered severe damage while never being destroyed altogether. Many of these bouts of violence were ended by informal ceasefires, which Hamas remarkably also justified partly with Islamic principles.<sup>80</sup> Hamas reorganised its internal security structures. Fatah is not the only group who denies the factual existence of an official separation between the al-Qassam Brigades and the police force.<sup>81</sup>

In other areas, the transformation has proved much more complicated. The legislative body in Gaza was not operational as representatives from other parliamentary groups refused to take part in sessions, and many Hamas parliamentarians were arrested by Israel after the group had abducted the Israeli soldier Gilad Shalit. As a result, there is now a rump parliament that approves bills and annuls decrees by President Abbas, even when the quorum of 67 MPs has not been reached. Hamas argues that the quorum is in fact being achieved as deputies cast votes on behalf of jailed MPs and the Hamas representatives in the West Bank are integrated through various means of communication. Initially, approved bills were sent to President Abbas. However, as he never responded, Hamas went ahead and

80 | Hamas did not only prove to be pragmatic where the use of religious arguments to justify violence and ceasefires was concerned. It also uses other strings of arguments such as references to the purported achievements of their fighting strategy to advocate the resumption or ceasing of violence, depending on circumstances. Cf. Joas Wagemakers, "Legitimizing Pragmatism: Hamas' Framing Efforts From Militancy to Moderation and Back?", *Terrorism and Political Violence* 22, 3, 2010, 357-377.

81 | Cf. Jonathan Spyer, "Facts on the Ground: The Growing Power of Hamas's Gaza Leadership", *Middle East Review of International Affairs* 16, 2, 2012, 44-51, <http://gloria-center.org/wp-content/uploads/2012/07/Spyer-YA-au-PDF.pdf> (accessed 13 Sep 2013).

implemented the laws, publishing them in its own version of a law gazette. In doing so, it is relying on a legal clause stating that laws can come into force if the President does not respond to them. Hamas has thus published laws directly since 2009, as it considers the office of the President vacant in the absence of elections. However, the laws are limited to the ones absolutely necessary as extensive legislative work may cause unrest among a population that longs for political reconciliation. This is also why the work on a new penal code has been postponed indefinitely.<sup>82</sup>

**Hamas has published laws directly since 2009, as it considers the office of the President vacant in the absence of elections. However, the laws are limited to the ones absolutely necessary.**

After the split, the judicial system in the Gaza Strip was incapable of functioning and the Hamas executive therefore swiftly took control. This enabled the courts to resume work.<sup>83</sup> A newly established High Justice Council is responsible for the appointment of judges. With a law that came into force in February 2008, permanent military courts as well as a Supreme Military Court were established. These deal not only with cases that involve members of the security forces but also with cases involving civilians who are accused of collaborating with enemy forces, for instance, which carries the death penalty. This has created a functioning judicial system, but one that has serious shortcomings. The penal system is characterised by people being arrested without warrants, the absence of legal counsel and torture. Lawyers who are critical towards Hamas must reckon with repression that can occasionally turn violent.<sup>84</sup> Thus, a genuine division of power between executive, legislature and judiciary only exists on paper.

82 | Cf. Nathan J. Brown, "Gaza Five Years On: Hamas Settles In", Carnegie Endowment for International Peace, 11 Jun 2012, <http://carnegieendowment.org/2012/06/11/gaza-five-years-on-hamas-settles-in/birb> (accessed 13 Sep 2013).

83 | Cf. ICG, "Ruling Palestine I: Gaza Under Hamas", *Middle East Report* 73, 13 Mar 2008, <http://crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/072-ruling-palestine-i-gaza-under-hamas.aspx> (accessed 13 Sep 2013).

84 | Cf. Bill Van Esveld, *Abusive System. Failures of Criminal Justice in Gaza*, Human Rights Watch, 2012, [http://hrw.org/sites/default/files/reports/iopt1012ForUpload\\_0.pdf](http://hrw.org/sites/default/files/reports/iopt1012ForUpload_0.pdf) (accessed 13 Sep 2013).

**There are now approximately 50,000 employees working for Hamas. It is said that their salaries make up two thirds of the Hamas budget of some 900 million U.S. dollars.**

The bureaucratic apparatus in Gaza was staffed by loyal officials.<sup>85</sup> There are now approximately 50,000 employees working for Hamas. It is said that their salaries make

up two thirds of the Hamas budget of some 900 million U.S. dollars. There does not seem to be a separate Islamic economic structure in which Hamas could accommodate followers and generate profits.<sup>86</sup> Hamas' main sources of income are private and state aid payments from abroad,<sup>87</sup> taxes on local businesses and revenues from operating the tunnels.<sup>88</sup> Before the Egyptian Army began to destroy many tunnels in the summer of 2013, the extensive system of tunnels between Gaza and the Egyptian Sinai Peninsula comprised several hundreds of subterranean shafts. Employing tens of thousands of workers, the tunnel industry had been the largest private employer in Gaza until that time. The tunnels were used to smuggle people and weapons; but their true significance lies in the importation of goods. Until the beginning of 2013, the tunnels were used to bring in hundreds of thousands of litres of fuel a day, as well as thousands of tonnes of gravel, cement and steel for the construction industry.<sup>89</sup> They are controlled by the

85 | Conversation between the authors and Khalil Shikaki, Director of the Palestinian Center for Policy and Survey Research, a long-time partner of the Konrad-Adenauer-Stiftung Ramallah, on 2 May 2013 in Ramallah.

86 | Cf. Roy, n. 14, 144-151.

87 | Because of the above-mentioned Hamas support of the Syrian rebels, the Iranian regime, which continues to support the Syrian government, cut its financial support for Hamas massively. While Iran is said to have supported Hamas with annual payments of some 250 million U.S. dollars in the past, now apparently only 15 to 20 per cent of that amount goes to the Islamists. Cf. Nidal al-Mughrabi, "Cornered Hamas looks back at Iran, Hezbollah", *The Daily Star*, 21 Aug 2013, <http://dailystar.com.lb/News/Analysis/2013/Aug-21/228065.ashx> (accessed 13 Sep 2013).

88 | Cf. Fares Akram, "Gaza's Economy Suffers From Egyptian Military's Crackdown", *The New York Times*, 24 Jul 2013, <http://nytimes.com/2013/07/25/world/middleeast/gazas-economy-suffers-from-egyptian-crackdown.html> (accessed 13 Sep 2013).

89 | From a conversation between the authors and Mohammed Saleem Skaik, Programme Manager of the Palestinian Trade Center in Gaza, on 26 Mar 2013 in Gaza City. In spite of the short-term rule of the Muslim Brotherhood in Egypt, the distrust persists between the Egyptian security forces and secret service forces on the one hand and the Muslim Brotherhood and Hamas on the other side. After the Islamist President Mohamed Morsi was deposed in 2013, the security forces cracked down more strongly on the tunnel-based commerce, >

Tunnel Affairs Commission of the Hamas government. The Commission publishes health and safety guidelines, organises licences for the construction of tunnels and monitors the payment of fees, customs duties and taxes.<sup>90</sup>



Yasin (right) in 2002 offered recognition of Israel under the condition that the Israeli side would recognise the rights of the Palestinian people. | Source: © Fayez Nureldine, picture alliance / AP Photo.

The fact that this comprehensive wealth of power has not resulted in the purposeful Islamisation of the political system and of society reflects the political and nationalist nature of Hamas and illustrates its pragmatism and its flexibility.<sup>91</sup> Hamas had, in fact, hardly any choice other than to adapt, to learn from its mistakes and to respond

which meant severe financial losses for Hamas and resulted in a fuel shortage and price rises. In addition, a media campaign against Hamas was conducted in Egypt. Hamas was said to be an organisational and political part of the Egyptian Muslim Brotherhood and complicit in the escalation of violence in Egypt. Similar allegations had already been made under former President Hosni Mubarak, but these had always been denied by Hamas and the Muslim Brotherhood. Cf. Adam Morrow and Khaled Moussa al-Omrani, "Mideast: Brothers in Thought, Not in Arms", Inter Press Service, 11 Jan 2009, <http://ipsnews.net/2009/01/mideast-brothers-in-thought-not-in-arms> (accessed 13 Sep 2013).

90 | Cf. Nicolas Pelham, "Gaza's Tunnel Phenomenon: The Unintended Dynamics of Israel's Siege", *Journal of Palestine Studies* 41, 4, 2012, 6-31.

91 | Cf. Roy, n. 14, 161-189.

adequately to the population's criticism as it was forced to produce results within a short period of time due to the abrupt transfer of power. It was therefore hardly ever in a position to give regard to its own fundamental principles.<sup>92</sup> It thus did not modify the existing Basic Law, and women were recruited to join the police force and the judicial system. At many events put on by Hamas, a traditional dance called *dabke* is performed, nationalist music is played and Hamas officials stand up for the national anthem. All that would have been unthinkable several years ago as these symbols are associated with the secular-nationalist camp.<sup>93</sup>

There is, however, a creeping proliferation of conservative-religious values and behaviours taking place. Religious scholars close to Hamas are exerting pressure on the population and the administration with their edicts. In schools, religious education is playing an ever more important role. Teachers are pressurising female pupils to submit to the rules of the Islamist dress code.<sup>94</sup> There are at least three identifiable causes for this:

First of all, Gaza has been clearly more Islamic-conservative than the West Bank, whose population is partly Christian. Some among the Hamas voters expect the new regime to take this into account. In some instances, the new laws and regulations are merely a matter of formalising existing realities. The Hamas parliament in Gaza thus approved new education legislation that introduced gender segregation from the age of ten. However, this regulation only affects a few of the 50 private schools, as the segregation of boys and girls has existed for a long time already in the 398 state schools and the 245 schools run by UNRWA.<sup>95</sup>

92 | Cf. Menachem Klein, "Hamas in Power", *The Middle East Journal* 61, 3, 2007, 442-459.

93 | Cf. ICG, "Radical Islam in Gaza", *Middle East Report* 104, 29 Mar 2011, 26-27, <http://crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/104-radical-islam-in-gaza.aspx> (accessed 13 Sep 2013).

94 | Cf. ICG, n. 83.

95 | Cf. Costanza Spocci and Eleanora Vio, "Under Hamas, No More Coed Classes in Gaza", *The Atlantic*, 23 May 2013, <http://theatlantic.com/international/archive/2013/05/under-hamas-no-more-coed-classes-in-gaza/276163> (accessed 13 Sep 2013).



Overzealous officials and members of the security forces, who act on their own initiative, are a second reason for the Islamisation trend. They want to demonstrate their allegiance to the assumed values of the new people in power. This includes things such as the banning of various books by employees of the Ministry of the Interior as well as penalties imposed on hairdressers where male employees cut women's hair.

A third way of facilitating creeping Islamisation is the purposeful probing of new areas of Islamic activity. Hamas introduces initiatives and pursues them if there is no resistance. If they meet with strong protest, controversial regulations (such as the banning of smoking hookahs in public or the demand that female lawyers must cover up in courts of law) are reversed or not implemented. What benefits the Islamists in these situations is that their initiatives rarely involve any formal decision-making processes and that Hamas can dismiss unpopular directives as mistakes by individuals.<sup>96</sup> Be that as it may, this strategy of Hamas is leading to a stealthy increase in religiously motivated regulation. The great majority of Palestinians in Gaza does not, however, consider the development of an Islamic society a priority.<sup>97</sup>

**What benefits the Islamists is that their initiatives rarely involve any formal decision-making processes and that Hamas can dismiss unpopular directives as mistakes by individuals.**

Since taking power in Gaza, Hamas has established an authoritarian regime.<sup>98</sup> The scope of political activity is extremely limited. There is no monitoring of the opaque

96 | Cf. ICG, n. 93, 26-31.

97 | In a survey by the Palestinian Center for Policy and Survey Research of June 2013, only 14.0 per cent of Gaza's inhabitants stated that the education of a moral individual and the development of a religious society was a national priority to them. In the West Bank, the figure was 14.4 per cent. However, the number of Palestinians who consider the establishment of a democratic political system as the most important national endeavour is even lower at 9.5 per cent. For most Palestinians, the end of the occupation and the establishment of a sovereign state or the refugees' right to return home take priority. Cf. PCPSR, "Palestinian Public Opinion Poll No (48)", 2013, <http://pcpsr.org/survey/polls/2013/p48e.html> (accessed 13 Sep 2013).

98 | With respect to the definition of authoritarian regimes used here, see Juan J. Linz, *Totalitäre und autoritäre Regime*, Berliner Debatte Wissenschaftsverlag, Berlin, 2003, 129-142.

workings of the government.<sup>99</sup> Opposition groups are suppressed and civil-society institutions harassed. NGOs, which were active before Hamas took power in Gaza, must reregister with the Ministry of the Interior and require official permits for their various activities. Restrictions are particularly severe in the media sector. The only daily newspaper that has been allowed to circulate regularly in Gaza since 2007 is the Hamas paper *Falasteen*.<sup>100</sup> This repression is not only directed against secular-nationalistic groups such as Fatah. The most serious confrontations involve Islamic Jihad and extremist Salafist groups, which accuse Hamas of ignoring Islamic principles. As tends to be the case in classic authoritarian systems, there is no monolithic power centre in Gaza; instead, there is a broad spectrum of opinions and views, which are predominantly advocated within Hamas. It is often unclear where the separating line lies between Hamas as an organisation and Hamas as a governmental party.<sup>101</sup> Haniyeh is thus simultaneously Prime Minister and a member of the Hamas leadership. Both the politburo and the Hamas Shura Council in Gaza appear to operate as a kind of monitoring body, whose purpose it is to bring government activities in line with the fundamental principles of the Islamists.<sup>102</sup> Attempts at reconciliation with Fatah have not borne fruit to date, but they have resulted in a limited pluralism within Gaza. This is, however, controlled by Hamas. Public statements by Hamas are characterised by catchphrases such as nationalism, justice and progress. The implementation of Islamic principles does not appear to be given priority even though there are occasional attempts to do so. When resistance within Gaza proves too great, rules can be rescinded. It seems that pragmatism of a nationalist

99 | This applies particularly to the budget and the work of the security forces. From a conversation between the authors and Waleed al-Mudallal, political science academic at the Islamic University of Gaza, on 12 Jun 2013 in Gaza City.

100 | Cf. Brown, n. 82.

101 | Cf. Sayigh, n. 78.

102 | The 15-man politburo, the 77 members of the Shura Council as well as the local Shura Councillors in Gaza were last elected in 2012. The election results suggest that the Hamas leadership has gained in terms of autonomy in Gaza, while the exiled leadership around politburo leader Meshal has lost influence. Cf. Ehud Yaari, "Secret Hamas Elections Point to Internal Struggle", *PolicyWatch* 1936, The Washington Institute for Near East Policy, 16 May 2012, <http://washingtoninstitute.org/policy-analysis/view/secret-hamas-elections-point-to-internal-struggle> (accessed 13 Sep 2013).

nature with religious overtones has gained the upper hand over the use of Islam as an ideology within Hamas.<sup>103</sup>

## CONCLUSION

Political culture in the Palestinian Territories is determined to a large degree by the battle against Israel. The conflicts with the British and Israelis have produced a strong national identity. From the start, Islam has played an important part in this.

Today, Hamas is also a truly political organisation, which tries to reconcile religion and nationalism. Islam continues to play a highly significant role. Hamas' goal is the founding of a state of Islamic character with a strong role for Sharia. However, during the period following the Oslo Accords, the group gradually became integrated within the official PA structures, although it rejects the agreements to this day. Hamas has thus become part of the political system. Yet, despite of decades of social and charitable work, the Muslim Brotherhood never succeeded in raising an Islamic generation of the kind its founders originally envisaged. When Hamas takes some unpopular decisions these days, the population does not hesitate to make its displeasure known to the Islamists.

The emergence of a dictatorial regime in Gaza and assaults and terror attacks against Israel cannot be explained by religiously influenced factors alone. Fatah also carried out terror attacks against Israel over a long period and is maintaining an authoritarian political culture. To date, Hamas has not succeeded in entirely overcoming its mentality of an underground organisation, which is a legacy from the armed struggle of the past. It has never fully internalised the concept of compromise, power sharing and responsibility. Hamas politicians seem to think that whoever wins elections has the right to exercise absolute power. For as long as it does not change its political culture, Hamas cannot become part of a Palestinian democracy.

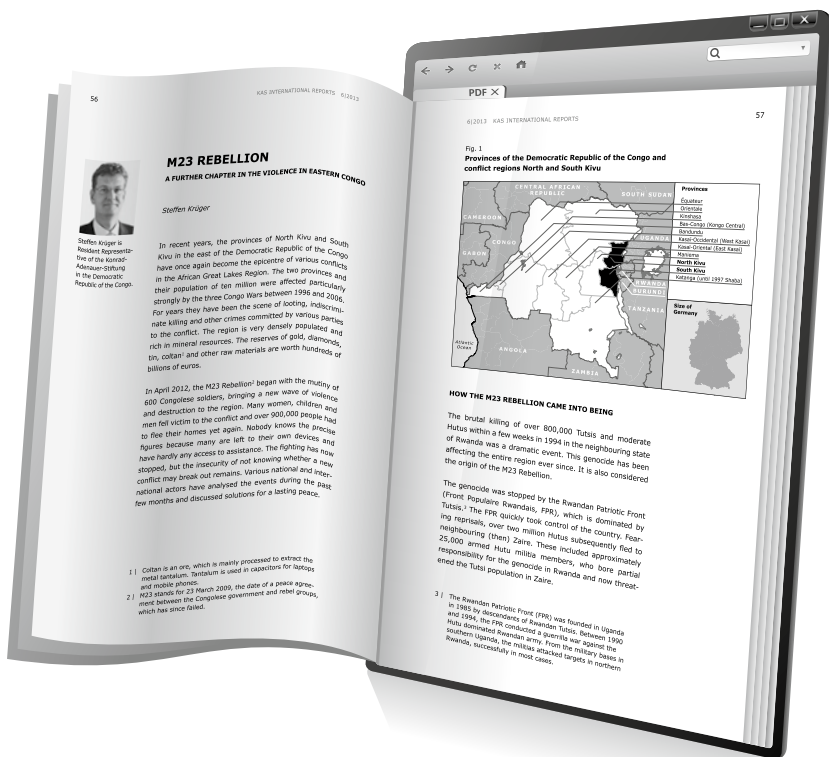
The article was completed on 13 September 2013.

103 | Cf. Helga Baumgarten, "The Three Faces/Phases of Palestinian Nationalism, 1948-2005", *Journal of Palestine Studies* 34, 4, 2005, 25-48.

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# ISLAMIC PARTIES AND DEMOCRACY IN INDONESIA

## INSIGHTS FROM THE WORLD'S LARGEST MUSLIM COUNTRY

*Jan Woischnik / Philipp Müller*

Following the upheavals in the Arab world and subsequent election successes of Islamic and Islamist parties in various countries, the role political Islam plays in the development and stabilisation of democratic political systems has once again come into public focus all over the world. International observers see the current and future politics of the new actors on the democratic stage as a concrete political test case for the compatibility of Islamic parties with values such as tolerance, constitutionality, protection of minorities and equal rights throughout the Muslim world. In fact, there have already been instances of parties with a pronounced Islamic agenda obtaining significant co-governing responsibilities after system upheavals and subsequent elections. Indonesia is a case in point. The Southeast Asian island nation, home to more Muslims than any other country in the world, has been a democratic state for more than 15 years – with the decisive involvement of Islamic parties.

What kind of parties are these, and what characterises their programmes and ideologies? What did the end of the authoritarian era (Suharto 1998) and the subsequent democratic opening-up (*reformasi*) mean for them, and how have they developed since? Were they and should they be seen as a challenge or perhaps even as an opportunity for Indonesian democracy? And not least: What insights can Indonesia's experience with Islamic parties offer to the countries in the Arab world – despite the cultural and political differences – and, by extension, to any international agents entrusted with the promotion of democracy?<sup>1</sup>



Dr. Jan Woischnik is Resident Representative of the Konrad-Adenauer-Stiftung in Indonesia and East Timor.



Philipp Müller is a trainee at the office in Indonesia and East Timor and a member of the Konrad-Adenauer-Stiftung's Working Group of Young Foreign Policy Experts.

1 | In line with the title of this issue of *International Reports*,

## POLITICAL ISLAM IN INDONESIA: FROM UNDERGROUND MOVEMENT TO GOVERNMENT BENCHES

**Indonesia's official state ideology of *Pancasila* explicitly permits six religious confessions: Islam, Protestantism, Catholicism, Hinduism, Buddhism and Confucianism.**

Indonesia is the largest Muslim country in the world. 88 per cent of the some 240 million inhabitants are avowed Muslims. In spite of this, the Southeast Asian island archipelago, which was first Islamised by traders from the Indian subcontinent in the 16<sup>th</sup> century, does not have an Islamic system of government, nor is it an Islamic theocracy. Instead its official state ideology of *Pancasila* explicitly permits six religious confessions: Islam, Protestantism, Catholicism, Hinduism, Buddhism and Confucianism. The country has had a democratic constitution since the *reformasi* in 1998. There has been no change in this respect, but there has been talk of democratic stagnation in recent years, which is most noticeable in the fact that the qualitative further development of democratic processes, structures and institutions has come to a halt. Although Islamic mass organisations have also repeatedly made political demands since they were founded in the 1920s and 1930s, political parties with a clear Muslim agenda have only existed since Indonesia's independence from The Netherlands.<sup>2</sup> Under state founder and President Sukarno (1945 to 1967) and his successor Suharto (1967 to 1998), Islam was supported as a religion but repressed and marginalised as a political ideology, even though, in contrast to other Muslim countries, it was not declared the arch enemy of the reigning secular political elite.

this article mainly deals with Islamic-oriented political parties and only touches briefly on Indonesia's comprehensive and multi-layered phenomenon of Islamism or political Islam outside the party spectrum. Furthermore, the extremely influential Islamic mass organisations Muhammadiyah and Nahdatul Ulama (NU) are only dealt with in relation to their influence on political parties. Therefore, this article makes no claim to be exhaustive.

- 2 | Indonesia had already declared its independence from Dutch colonial rule on 17 August 1945. However, subsequent years saw repeated violent conflicts between Indonesia and the long-ruling colonial power the Netherlands, and it was not until after the UN conference in The Hague in 1949 that Indonesia's sovereignty was also formally recognised. Cf. UN, "World Recognition and Indonesia's Sovereignty", <http://www.un.int/indonesia/Indonesia/Indonesia/Indonesia-2.html> (accessed 27 Jul 2013).



Indonesian President Susilo Bambang Yudhoyono: Four Islamic parties are represented in his coalition. | Source: Marcello Casal, Agência Brasil ©📷.

After decades of authoritarian rule, the Asian crisis set the ball rolling and Indonesia experienced a democratic opening-up in 1997, which, in addition to the newly won civil liberties, also allowed the founding of numerous parties. The religio-political scene, which had been forced into the social and humanitarian fields during the Suharto period, awoke from the deep slumber imposed on it during the *Orde Baru* (so-called “New Order” under Suharto). This led to the founding of 42 parties with Islamic or Islamist symbols or ideology. In the end, 20 of these fulfilled the required conditions to contest the first elections following the end of the Suharto era in 1999.<sup>3</sup> Half of them managed to win at least one seat in the national parliament, and some have since played a decisive role in the development and consolidation of Indonesian democracy by generating a considerable share of the votes in some national elections or by participating in various government coalitions both in the past and the present. Their leading officials and elites occupy important posts in the politics, the cabinet, the administration and the institutions of the Indonesian state.

3 | Bahtiar Effendi, *Islam and the State in Indonesia*, Ohio University Press, Ohio, 2004, 200.

## **ISLAMIC AND ISLAMIST PARTIES IN INDONESIA – ORIGINS, PROFILES AND PROGRAMMES OF THE PKS, PKB, PAN AND PPP<sup>4</sup>**

Four Islamic parties are represented in the six-party coalition under President Susilo Bambang Yudhoyono from the Partai Demokrat (Democratic Party, PD), which has been governing since 2009. The most successful Islamic party with the most members, and therefore currently the most influential one in Indonesia, is the Partai Keadilan Sejahtera (Prosperous Justice Party, PKS). The PKS was founded by young intellectuals from the Tarbiyah missionary movement and is the successor of the PK party, which did not succeed in entering parliament in the first free elections and therefore decided to undergo an extensive institutional and organisational reorganisation. For a long time the founders looked to the Egyptian Muslim Brotherhood for inspiration for their programme. At the beginning of its parliamentary career it was mainly the educated urban middle classes in Greater Jakarta who voted for the party. However, over the years, it has increasingly also won votes

**PKS members must undergo years of training in small groups, which not only includes political lectures, but also meditation and exercises in confession as well as Koran recitation classes.**

from traditional agricultural areas. The PKS is the only real cadre party in Indonesia. It conducts systematic youth work to educate future politicians as well as to engage in professional recruitment and training measures. PKS members must undergo years of training in small groups, which not only includes political lectures and topics such as managing election campaigns, but also meditation and exercises in confession as well as Koran recitation classes. Critics call this "ideological/religious indoctrination".<sup>5</sup>

Today, the PKS promotes itself as a moderate Islamic party and campaigns for values such as honesty and justice as well as the fight against corruption, prostitution and drugs. The party emphasises that although its agenda

4 | For reasons of simplicity we will not discuss all of the existing Islamic and Islamist parties here but only the most important parties that are also members of the current government coalition.

5 | Matthias Heilmann, "Islamismus in Indonesien: Der Erfolg der Gerechtigkeits- und Wohlfahrtspartei und seine möglichen Auswirkungen", *ASEAS – Österreichische Zeitschrift für Südostasienwissenschaften*, No. 1, 2008, 21, [http://seas.at/aseas/1\\_1/ASEAS\\_1\\_1\\_A3.pdf](http://seas.at/aseas/1_1/ASEAS_1_1_A3.pdf) (accessed 9 Sep 2013).



is characterised by the Islamic background of the party officials, it does not seek to establish an Islamic state.

Originally, however, it aimed to introduce an

Islamic society based on sharia law by democratic means. From its founding to the 2004 elections, the PKS campaigned strongly for the introduction of sharia law, but since then it has increasingly distanced itself from such

Islamist objectives. Recently, the party strategists and election campaigners have been focussing with notable success on the issue of fighting corruption. In the 2009 elections the PKS obtained 7.8 per cent, the best result among all the Islamic parties. The PKS found the majority of its supporters in religious urban society, where it portrayed itself as a law and order party promising to fight Indonesia's fundamental evils of corruption and nepotism.

**Up to the 2004 elections, the PKS campaigned strongly for the introduction of sharia law, but since then the party strategists have been focussing on the issue of fighting corruption.**

The role model for its programme has also changed over the years. In its search for ideological, institutional and programmatic models, the PKS has in recent years increasingly distanced itself from the Muslim Brotherhood, which they had emulated for a long time. Today, the PKS looks towards the Turkish government party AKP as their role model. The PKS leadership views the AKP as a successful example of the transformation of an Islamist party to a broad Muslim mass party with government responsibility.

The Partai Kebangkitan Bangsa (National Awakening Party, PKB) originates from a social background characterised by traditionalist, Javanese religious practices often involving a connection to so-called *ulama* families, who were seen as erudite and who often ran boarding schools (*pesantren*). Simultaneously, these *ulama* families held important positions in the mass organisation Nahdlatul Ulama.<sup>6</sup> Consequently, the party's supporters and electorate were mainly recruited from the rural area of East Java. The party is inextricably linked to the first democratically elected president, Abdurrahman Wahid (1999 to 2001), better known as Gus Dur. The former NU chairman founded the party and prioritised NU functionaries for important

6 | Cf. Andreas Ufen, "Politischer Islam in Indonesien seit 1998", The Federal Agency for Civic Education (bpb), 5 Mar 2012, <http://bpb.de/apuz/75768/politischer-islam-in-indonesien-seit-1998> (accessed 27 Jul 2013).

party positions. It was also Gus Dur who shaped the party profile significantly by promoting not solely religious but also secular-nationalist programme content. In August 2002, for example, the PKB voted against the inclusion of an Islamic-influenced judicial system in the constitution. This is why critics accuse him of significantly weakening the Islamic religion as a source of political power through widening the party programme and increasing the party's flexibility.

In contrast to the beginning of Indonesia's democratic transition, the PKB is now no longer considered the most important and influential party but just one of the country's several Islamic parties. In 1999 the party came out of the elections as the third strongest political force (12.6 per cent); but it then increasingly lost appeal over the years, only winning 4.9 per cent of the votes in the 2009 elections. Diminishing party cohesion and poor institutional structures are seen as reasons for this decline. Many also see the clientelistic party structures as the cause and apportion part of the blame to the former chairman and leading man of the party, President Gus Dur, who, as they claim, has permanently weakened the party through the strategic positioning of his cronies.

Partai Amanat Nasional (National Mandate Party, PAN) is another Islamic party in the current government. Similar to the PKB, the PAN's ideological and inspirational roots lie in one of Indonesia's large Muslim mass organisations. Due to its more modernist views, Muhammadiyah is often seen as the NU's ideological counterpart and has long served the PAN as a programmatic and intellectual source of inspiration. Former Muhammadiyah chairman Amien Rais, who had won great admiration as a Suharto critic, founded the party in 1998. Although the Muhammadiyah organisation did not provide complete support for the founding of the party, prominent members of the mass organisation were instrumental in its inception – and they still occupy important posts in the party apparatus.

Programmatically the PAN sees itself as the voice of the well-to-do middle classes and correspondingly supports the fight against corruption and fraud. The party initially repeatedly attracted attention with intolerant and even

radical statements, for example calling for a “holy war” in the Moluccas together with other groups.<sup>7</sup> These ideological aberrations led to a significant number of moderate Muslims and Christians leaving the party in 2001. Today, in contrast, the PAN professes its belief in democracy and the values associated with it such as tolerance and the protection of minorities. Hatta Rajasa is currently the PAN’s most prominent representative. He is one of the most important ministers in the current cabinet and has been repeatedly associated with a possible presidential candidature in 2014.

The Partai Persatuan Pembangunan (United Development Party, PPP) is Indonesia’s oldest Islamic party. Founded in 1973 by state decree, it subsequently became an alliance of the smaller Islamic parties in Suharto’s party block system. Particularly in the nineties, the party was able to attract substantially greater numbers of votes due to the growing Islamisation of Indonesian society. The Islamic-modernist party was thus often able to capture a quarter of the electoral votes.

**The PPP was and still is mostly elected by NU members and members of the middle class. It is still attempting to differentiate itself from the other Islamic parties through a pronounced Islamist programme.**

The party was and still is mostly elected by NU members and members of the middle class. It is still attempting to differentiate itself from the other Islamic parties through a pronounced Islamist programme. Immediately after the beginning of the democratic opening-up in 1999, for example, the introduction of sharia law became one of the PPP programme objectives.

### **THE END OF SUHARTO: THE BEGINNING OF THE ISLAMIC PARTIES’ TRIUMPHAL MARCH?**

The question of the role of Islamic parties in Indonesian democracy can be answered more precisely if one looks to the past and analyses the initial conditions after the upheavals in 1998 as well as subsequent developments. Similar to many Arab states, Indonesia was under an authoritarian regime with a strong military influence for a

7 | Patrick Bolte, Kay Möller and Osman Rzyttka, *Politischer Islam, Separatismus und Terrorismus in Südostasien. Indonesien, Malaysia, Philippinen*, SWP-Studie, German Institute for International and Security Affairs (SWP), Berlin, Mar 2003, 18, [http://swp-berlin.org/fileadmin/contents/products/studien/2003S12\\_bolte\\_mll\\_rzyttka\\_ks.pdf](http://swp-berlin.org/fileadmin/contents/products/studien/2003S12_bolte_mll_rzyttka_ks.pdf) (accessed 9 Sep 2013).

long time (more than 30 years). For Muslim mass organisations, which had always harboured political ambitions, and advocates of active Islam, the Suharto period meant above all the suppression of all political demands and objectives. The result was that Muslim groups and organisations retreated from politics and instead dedicated themselves to social and humanitarian activities. At that time Muslim organisations thus founded, financed and managed hundreds of hospitals, social institutions and schools. It was only at the end of his rule that Suharto reached out to politically active Muslims to a limited degree, for instance by making the chairman of the Indonesian Association of Muslim Intellectuals (ICMI), Bacharuddin Jusuf Habibie, his deputy. This strategic about-turn was not so much a serious gesture of recognition of politically active Islam as it was the result of increasing differences of opinion between high-ranking military officials and Suharto.

With the end of the Suharto rule in 1998 in the wake of country-wide protests and the beginning of the *reformasi*, the founding of political parties was permitted overnight. During the political liberalisation led by interim president Habibie, hundreds of political parties were founded, many with an Islamic or Islamist orientation. For the first time in decades many Muslim activists were allowed to exercise political influence. In the first free elections after 30 years of the New Order, it seemed as if the triumphal march had begun for the Islamic parties. Five of them immediately won seats in parliament and together they attained more than 33 per cent in these first democratic elections. Through clever coalition negotiations one of their own, the PKS chairman Gus Dur, even succeeded in being appointed President of Indonesia (for two years at least).

Subsequent elections in 2004 brought additional votes, with the Islamic parties increasing their ballot-box approval to 35 per cent. The PKS achieved the largest increase, boosting its votes by 450 per cent from 1999 to 2004, and also became the most successful party in the megacity of Jakarta.<sup>8</sup> This was due to a smart campaign responding to

8 | Syahrul Hidayat, "Moderation and the stagnation of the PKS in the 2009 legislative election", *LSE IDEAS Reports*, London School of Economics, May 2010, [http://lse.ac.uk/IDEAS/publications/reports/pdf/SR005/Indo\\_Hidayat.pdf](http://lse.ac.uk/IDEAS/publications/reports/pdf/SR005/Indo_Hidayat.pdf) (accessed 27 Jul 2013).

the mood among the population, propagating good governance and honest, ethical politics.

The lowest point to date followed in the 2009 elections with Islamic parties losing votes and together attracting only 26 per cent of the votes. Considering that this represents the total number of votes for five parties<sup>9</sup> and that the PKS was in first place with around eight per cent, it is clear how much of a loss of political significance these parties with Islamic programmes and views have to deal with.

Current surveys predict further losses for Islamic parties in next year's parliamentary elections scheduled for 9 April 2014. The PKS may be particularly affected; according to current surveys they may not be able to attract sufficient votes to return to the national parliament. In Indonesia, such predictions should however be taken with a pinch of salt. It is difficult to generate reliable empirical data in this geographically disjointed island nation. Also, recent election victories in provincial and governor elections demonstrate that the religious parties are still a force to be reckoned with at least in some locations.<sup>10</sup> Nevertheless this does not change the fact that the Islamic parties are experiencing a distinct general downward trend.<sup>11</sup>

**Recent election victories in provincial and governor elections demonstrate that the religious parties are still a force to be reckoned with at least in some locations.**

## INDONESIA'S SOCIAL ISLAMISATION

The increasing refusal to vote for Islamic parties on Election Day is very surprising considering the social development in terms of religiosity since the democratic opening-up in 1998. Looking back on the last 15 years, one can unreservedly state that the *reformasi* has not only led to political liberalisation and democratisation but simultaneously to social Islamisation. In the past few years, the role of Islam in public life has increased significantly, the Islamic mass organisations have gained new support

9 | This includes the PBB, which only attained 1.8 per cent and is therefore not represented in the current parliament.

10 | In West Java and North Sumatra, two of the candidates supported by PKS only recently won the elections to become provincial governors.

11 | Indonesian election commission, <http://kpu.go.id> (accessed 27 Jul 2013).

and the number of publically displayed Islamic symbols is increasing continuously. Every year more and more people are applying to the Ministry for Religious Affairs for one of the sought-after places on the pilgrimage to Mecca in Saudi Arabia. Religious belief is no longer a private matter but is increasingly leading to conflicts with members of other faiths. Outbreaks of violence against minorities within the community, and not only against followers of other faiths such as Christians but also against groupings within Islam such as Shiites or Ahmaddiyya, tend to occur more often.<sup>12</sup>



Muslim women's protest against a Miss World election in Jakarta, September 2013: Religious belief is no longer a private matter. | Source: © Bagus Indahono, epa, dpa.

The strength of Islam as a measure of social identification is growing. During a survey carried out in 2004, only around 40 per cent of Indonesians questioned stated that their affiliation with the Muslim religion was the most important criterion for their identity. Characteristics such as nationality, occupation or affinity to a particular ethnic group lagged far behind. A recently published survey concludes that 72 per cent of those questioned are in favour of the

12 | The renowned Setara Institute has already counted 282 cases of religiously motivated intolerance in the first half of 2013. Cf. Stephanie Hendarta, "Religious Intolerance Down Slightly in Indonesia: Setara", *The Jakarta Globe*, 9 Jul 2013, <http://thejakartaglobe.com/news/incidents-of-religious-intolerance-down-slightly-setara> (accessed 27 Jul 2013).

introduction of sharia law today.<sup>13</sup> But not all respondents were in favour of the introduction of draconian corporal punishment; indeed, a differentiated interpretation of the concept of sharia is apparent. But the recent survey does make it clear that the majority of the population fundamentally supports a more prominent role of religious principles and regulations in social and legal matters.

The increasing social Islamisation (also known as cultural Islam)<sup>14</sup> has also found political expression in recent years. A large number of laws and regulations clearly benefit the Muslim majority in Indonesia, granting Islamic legal and religious ideas a prominent position within Indonesian state and social systems. The province Aceh in the north of Sumatra represents a special case. Since it attained a special form of autonomy, Islamic legal principles have applied in most parts of the province. These compel women to wear a headscarf, for instance, prohibit alcohol consumption and gambling and enforce the payment of an alms tax (*zakat*). However, other provinces of the country, which do not have autonomy status, use so-called bylaws in order to circumvent national legislation and implement their own norms based on typically Islamic legal concepts – although they are generally not as rigidly implemented as is the case in Aceh.

**A large number of laws and regulations clearly benefit the Muslim majority in Indonesia, granting Islamic legal and religious ideas a prominent position within Indonesian state and social systems.**

## **LACK OF POLITICAL DIVIDEND FOR ISLAMIC PARTIES**

Paradoxically, the Islamic parties have been unable to benefit from this Islamisation trend in society as a whole. Nor were they successful in claiming authorship of the Islam-oriented laws and regulations. They could not translate these two developments into political mobilisation – in fact the opposite is true. One of the reasons for this can be found in the programmatic opening-up of traditionally secular-nationalist parties, whose programmes and concrete political initiatives and strategies are increasingly geared

13 | "Seven in 10 Indonesian Muslims want sharia law: Pew study", *The Jakarta Post*, 2 May 2013, <http://thejakartapost.com/news/2013/05/02/seven-10-indonesian-muslims-want-sharia-law-pew-study.html> (accessed 27 Jul 2013).

14 | Jeff Lee, "The Failure of Political Islam in Indonesia: A Historical Narrative", *Stanford Journal of East Asian Affairs*, 4, 2004, 101.

**The Democratic Party, which is part of the nationalist camp, no longer describes itself just as nasional but has also recently added the word religius to its election posters.**

towards allowing religion to play a larger role in public life. The Democratic Party (PD), which is part of the nationalist camp, no longer describes itself solely as *nasional*

but has also recently added the word *religius* to its election posters. The contest for the groups of voters for whom Islamic content is decisive has therefore been reignited. An increasing number of political actors are courting the favours of this section of the population. An example of the newly acquired programmatic flexibility of secular-nationalist parties such as the PD or the GOLKAR party is their voting behaviour during discussions regarding the controversial Anti-Pornography Legislation in the Indonesian Parliament in 2008. As expected, the Islamic parties were in favour of tightening the dress code for public places. Yet GOLKAR and the PD voted in favour as well. This openness towards traditionally religious content is complemented by the judicious selection of candidates to appeal to the electorate. In the 2009 elections, the Indonesian Democratic Party of Struggle (PDIP), the party of state founder Sukarno's daughter, Megawati Sukarnoputri, therefore focused specifically on prominent liberal and moderate Muslims, persuading them to run for election under the PDIP banner. In this context, it will be interesting to see whether the Islamic parties will accept the loss of their unique selling point, or whether – particularly ahead of the 2014 parliamentary and presidential elections – they will take up the fight with formerly secular parties for the monopoly on interpreting specifically Islamic political content.

A further factor behind the Islamic parties' lack of political success lies in the positive economic development of the country since recovering from the 1997/1998 Asian crisis and the beginning of the *reformasi*. In recent years, Indonesia has developed into one of Asia's most important engines for growth besides India and China, with consistent annual economic growth of approximately six per cent. This resulted in a political dividend for the government of Yudhoyono in particular, who came into office in 2004 and was even able to increase its proportion of votes in 2009 on the back of this economic upturn. The fact that economic development influences the Indonesian population's voting behaviour was demonstrated in 1999 when more than a



third of those questioned in a survey named "the economy" as the top priority topic.<sup>15</sup> 14 years have since passed and Islamic parties are still unable to present innovative concepts in the area of economic policy to build credibility, trust and governing competence.

Despite the rapid economic rise of the G20 member state, Indonesia has had a side effect that could result in increasing the chances of success for Islamic parties in forthcoming elections. While the gross domestic product has grown rapidly in the last few years, the social disparity between rich and poor has also increased considerably. The creation of social equity is a core component of Islam, and this is demonstrated not least in the activities of the Muslim mass organisations in Indonesia. Therefore it is not inconceivable that Islamic parties could regain favour with the voters by making the tackling of current socioeconomic challenges the purpose of their authentic programme based on their Islamic background. But once again, the currently rather vague equation "Islam = social equity" would need to be developed into concrete and convincing problem solving strategies.

Furthermore, Indonesia's specific political and party system is a major factor preventing the Islamic parties from mobilising the ongoing social Islamisation for their party-political purposes.<sup>16</sup> Individual personalities frequently dominate whole parties and their programmes. Voting is rarely based on content but instead on the popularity and prominence of the top candidates, who attempt to position themselves accordingly through a large media presence. In addition, increased commercialisation alongside extremely costly election campaigns make it practically impossible for less wealthy candidates to stand for a seat in parliament let alone the top position in a party. These factors, which have become systemic, have created a situation in which the mobilisation through programmes and therefore also religious content has become virtually impossible.

**Voting is rarely based on content but instead on the popularity and prominence of the top candidates, who attempt to position themselves accordingly through a large media presence.**

15 | Cf. *ibid.*, 102.

16 | Michael Buehler, "Islam and Democracy in Indonesia", *Insight Turkey*, 11, 2009, 56.

In recent years it has also become increasingly clear that the gap between rhetoric and action has widened in the Islamic parties as well. This has led to considerable threats to their credibility in the eyes of their voters. Numerous corruption scandals have shown that politicians of explicitly Islamic parties succumb to the same temptations as those of secular-nationalist parties. This is particularly fatal for the chances of political success of Islamic parties because they are the ones who have been pushing issues such as fighting corruption and good governance to the fore in recent years – not least to differentiate themselves from non-Muslim parties. For example, the slogan of the PKS was *Bersih dan Peduli* (clean and caring) for quite some time. That may well be a thing of the past, particularly since the entanglement of high-ranking and prominent PKS functionaries, such as former chairman Luthfi Hasan Ishaq, in massive corruption cases. The media have reported extensively on these cases, which have severely damaged the party's credibility.

#### **ISLAMIC PARTIES AND DEMOCRACY IN INDONESIA – FROM THREAT TO OPPORTUNITY?**

15 years after the introduction of democracy in Indonesia, the opportunity has arisen to take stock of the relationship between Islamic and Islamist parties and democratic principles and core beliefs. Are staunchly Islamic parties compatible with democratic forms of government? Or is this the self-fulfilling prophecy of the so-called "democratic dilemma", according to which, once established, democracy will be substantially undermined by antidemocratic actors such as Islamists, as these actors now also gain access to and exploit new spheres of influence and opportunities to shape the future?

In this regard the situation in Indonesia is not quite uniform. On the one hand, the PKB and the PAN express their commitment to the separation of state and religion as well as democracy and the rule of law. They are part of the current government coalition in Indonesia, and their concrete political actions, initiatives and measures show that they feel bound to democratic values and principles. Non-Muslims can become members of both parties and all in all there is little doubt as to their democratic competence.

On the other hand, there is the PPP, also part of the current government of President Susilo Bambang Yudhoyono, which must be rated more negatively in terms of its democratic competence. The current PPP chairman is at the same time the Minister of Religious Affairs in President SBY's cabinet and happens to attract attention with critical statements towards religious minorities. A former chairman of PPP, who was Megawati Sukarnoputri's vice president, openly defended subsequently convicted terrorist leader Bashir, demanding that if they prosecuted Bashir, the police should arrest him too.<sup>17</sup> Although such high-ranking PPP functionaries do not commit violence themselves, they can be seen as spiritual instigators. The PPP thus participates in democracy without actively supporting it. It is more likely to threaten democracy than further it.

It is harder to analyse the PKS, which is also part of the current government coalition. Generally speaking, democratic values such as pluralism, women's equality, the protection of minorities, non-violence and openness

**Democratic values such as pluralism, women's equality, the protection of minorities, non-violence and openness towards other faiths have become part of the official party line of the PKS.**

towards other faiths have become part of the official party line. The party made a point of holding its 2008 national congress on Bali, where the majority of the population is Hindu, thereby presenting itself as tolerant and open towards other religions, cultures and ethnicities. However, well-respected observers suspect the existence of a contrary hidden agenda striving towards sociocultural re-education of the people and the realisation of a global *ummah* as the ideal human community and the accomplishment of God's will.<sup>18</sup> At this point in time it does not yet seem possible to come to a final conclusion on the democratic competence of the PKS.

## **NORMALISATION AS A CONSEQUENCE OF DEMOCRATISATION**

In contrast to some countries in the current Arab world, Indonesia's Islamic parties have never had sole governmental responsibility. They were and are only part of a multi-party coalition. How the groups mentioned above would behave in the case of sole governance and whether

17 | Cf. Lee, n. 14, 104.

18 | Cf. Heilmann, n. 5, 21.

they would still follow democratic rules cannot be assessed with any certainty based on today's situation. However, if one examines the gradual programmatic and ideological development of Indonesia's parties overall, a common pattern appears despite the many differences.

**Indonesia's Islamic parties have distanced themselves increasingly from previous, in part radical positions such as aligning all areas of life with Islamic religious beliefs and behavioural ideals.**

The ideological programmes as well as the concrete political actions of the above-mentioned parties (with the exception of the PPP) have all become more pragmatic in recent years, with a clear departure from politics strongly dictated by Islamic ideology becoming apparent. Over the years, Indonesia's Islamic parties have distanced themselves increasingly from previous, in part radical positions such as the introduction of an Islamic state or aligning all areas of life with Islamic religious beliefs and behavioural ideals. While the introduction of sharia law was the main objective of the PKS's party programme at the beginning of the democratic transformation, issues such as pluralism, fighting corruption, political reforms and democratisation have taken its place over time.

It is striking that this programmatic development of numerous Islamic parties has taken place alongside Indonesia's increasing democratisation over the last 14 years. The development of democratic institutions, structures and processes has prompted the Islamic parties to change their programmes and behaviour accordingly so that they can exert influence within the new government structures. When the PKB boldly pushed for a sharia legal framework in 2003, they did find support for their suggestion in some other organisations. However, in the end they lacked a solid parliamentary majority, which meant that the PKB had to submit to the democratic rules and retract its proposal. In the case of the PKS, there are also a few examples of the connection between the party's programmatic normalisation and the progressive democratisation of the state. When Megawati Sukarnoputri became President and offered the PK (the PKS's predecessor) a ministerial post, it refused because it saw leadership as a male prerogative and therefore did not want to be subordinate to a female president. In the 2004 electoral campaign there was a fierce debate within the PKS regarding the question of which presidential candidate it should support. Under consideration were Amien Rais, a strict Muslim reformer, and

former military general Wiranto. Only two weeks before the election, the party leadership decided on Amien Rais after the majority of the party had been in favour of Wiranto for some time. The reason for this hesitation was a deeply pragmatic one: it was thought that Wiranto simply had a better chance of winning. The PKS acted equally pragmatically when its candidate did not reach the second round during the 2005 presidential elections, and the party then supported Yudhoyono/Kalla, the duo with the best chance of success. After Yudhoyono had won the second round of the presidential elections, the PKS achieved its objective and also became a governing party.<sup>19</sup> Since the PKS has been part of this government coalition, the pragmatic decisions of the party leadership have increased in frequency and have led to partly vehement conflict with the party committees and many simple members. The parliamentary institution as well as the democratic necessity to form coalitions for the purpose of government formation ultimately forced the PKS to temper its formerly confrontational and strictly Islamic politics.

**The PKS acted pragmatically when its candidate did not reach the second round during the 2005 presidential elections. The party then supported Yudhoyono/Kalla, the duo with the best chance of success.**

Furthermore, elections as a democratic instrument have led to the surrender of Islamist ideals and the replacement of these with more strategically advantageous positions. The parties have realised that the coercive introduction of Islamic rules of law would endanger Indonesia's multi-religious and multiethnic national unity and would therefore not convince enough people on Election Day. This meant a move towards issues and objectives which would attract more voters. This said, the Islamic parties' acceptance of democratic processes has not led to the end of political Islam per se. However, having to comply with democratic processes and structures imposed new limitations on the parties. These examples alone clearly demonstrate that an open democratic system can have a balancing and deradicalising effect on (previously strictly) Islamic parties.

19 | Ahmad-Norma Permata, "Ideology, institutions, political actions: Prosperous Justice Party (PKS) in Indonesia", *Asienkunde* 109, German Association for Asian Studies, Oct 2008, 33, [http://asienkunde.de/content/zeitschrift\\_asien/archiv/pdf/109\\_3\\_permata.pdf](http://asienkunde.de/content/zeitschrift_asien/archiv/pdf/109_3_permata.pdf) (accessed 9 Sep 2013).

It should be noted that none of Indonesia's Islamic parties in their current form pose a structural threat to the country's democratic constitution. Today, only a small number of insignificant parties campaigns for antidemocratic policies such as the establishment of an Islamic theocracy. In contrast, the more important Islamic parties are satisfied with often ineffective demands for a society based on Islamic values and morals. But the programmatic normalisation of the parties described above is by no means the end of political Islam, which remains highly influential. In contrast to the Islamic parties within the democratic arena, it is the Islamic forces outside parliament that pose an ongoing and nationwide threat to Indonesia's democratic and constitutional framework.

### **ISLAMISM AND POLITICAL ISLAM OUTSIDE THE PARTY SPECTRUM**

One of the manifestations of political Islam outside the party spectrum is the missionary movement Hizbut Tahrir Indonesia (HTI), which forms part of a transnational Islamic network and wants to establish a so-called Islamic state in Indonesia. Despite its radical, antidemocratic objectives, the HTI explicitly renounces violence. Instead, it relies on preaching and doctrine. The Majelis Ulama Indonesia (Indonesian Ulema Council, MUI) is a council of scholars founded by the Suharto regime in 1975 and received its independence in 2000. It does not use violence either, but it can issue (not legally binding) *fatwas*, thereby often acting as a spiritual instigator. For example, violent mobs have repeatedly referred to a *fatwa* dating from 2005, in which the MUI spoke out against liberalism, pluralism and secularism. Aside from these, there are many of organisations willing to resort to violence in the country, purporting to promote public order and Islamic values (so-called vigilantes).

The scene is as complex as it is dynamic, and it is growing. All of these organisations oppose a "westernisation" of society, which they equate with decadence and immorality, and they oppose greater freedom for women. They are striving for the establishment of an Islamic state and the implementation of sharia law as ordained by God. The Front Pembela Islam (Islamic Defender's Front, FPI)

is currently the most active and well-known group. It has been successful in controlling public discourse time and again. The FPI was for instance instrumental in causing the cancellation of a concert by pop star Lady Gaga in 2012. The group threatened violent clashes if the singer, who from their point of view dresses too risqué, was allowed to perform. These groups pose a threat to Indonesia's democracy because besides their power to mobilise society they often succeed in exerting influence on people in politics and in the administration in such a way that they accede to the Islamists' goals and demands. This external influence means that democracy loses a considerable portion of its attraction and legitimacy, as the state's inability to safeguard its monopoly on force creates the impression that democracy is an incapable and easily manipulated form of government.

#### **EXPERIMENTAL LABORATORY INDONESIA: IMPLICATIONS FOR THE ARAB WORLD?**

In relation to the upheavals in the Arab-Islamic world, Southeast Asian Indonesia is often upheld as a model for the development of democracy in a predominantly Muslim country.<sup>20</sup> After all, the starting conditions are comparable. For many years the political aspirations of Islam were repressed by a secular military regime not only in the countries of the Arab Spring but in Indonesia as well. Most notably U.S. President Barack Obama, as well as his former Secretary of State Hillary Clinton, held up Indonesia as an exemplary model and expressed hopes for a similarly positive development for Egypt.<sup>21</sup>

**For many years the political aspirations of Islam were repressed by a secular military regime not only in the countries of the Arab Spring but in Indonesia as well.**

While these hopes are justified, Indonesia's potential to act as a guiding beacon should not be overestimated; Indonesia's cultural, religious and political conditions differ too much from those in the Arab world. Historic and cultural events have led to Islam in Indonesia comprising a mixture of ideas from different religions and denominations in

20 | Jay Solomon, "In Indonesia, a Model for Egypt's Transition", *The Wall Street Journal*, 12 Feb 2011, <http://online.wsj.com/article/SB10001424052748704329104576138490822239336.html> (accessed 27 Jul 2013).

21 | Cf. *ibid.*

many areas – often stated as the reason for the emergence of a more moderate form of Islam in the country. Moreover, the political system with its focus on personalities is fundamentally different from the conditions in other Muslim countries. There is also the sobering question as to whether countries in the Middle East even perceive the distant Indonesia as a positive example. If one were to ask people in an Arab country to name the largest Muslim country in the world or the leading Muslim country, the answer would likely be Egypt or Saudi Arabia. In addition, the Arab world often views Indonesia and the cultural and spiritual expression of the Islamic faith there as too diluted and distorted. Regarding the democratic integration of political Islam, the transferability of Indonesia's experience to the Muslim-Arab world therefore seems limited to say the least.

Despite these differences, Indonesia's 15 years' experience of a tense relationship between political Islam and democratic government can provide some fundamental insights. These conclusions are probably not only interesting for the friends and supporters of democracy living in Arab countries. Specifically for international observers and institutions involved in development cooperation, particularly in cooperation with political parties, Indonesia offers some insights that could lead to inspiration for the aims and design of future initiatives.

Most importantly, Indonesia's example makes it clear that political Islam in the form of parties based on Islamic values and goals does not automatically equate

**Islamic parties do have the potential to transform, slowly but surely, into democracy-friendly political actors and assume responsibility in democratic institutions.**

to radicalism, fanaticism and antidemocratic politics. Islamic parties do have the potential to transform, slowly but surely, into democracy-friendly political actors and assume responsibility in democratic institutions. As shown by the example of Indonesian parties, the possibility of an initially unexpected programmatic and ideological transformation after the establishment of a democratic system of government cannot be ruled out. With this in mind, one should not categorically refuse contact with those Islamic parties that are fundamentally tolerant and open to democratic principles, but instead actively seek out partners in the area of party cooperation and commit them to democratic values



long term. Qualification criteria for cooperation should include an explicit commitment to democracy and the rule of law, to a pluralistic society and religious tolerance as well as the safeguarding of national and international peace.

Indonesia's example further demonstrates that the election results for Islamic parties do not always provide an indicator for the prevailing mood among the population. Weak or stagnating results for Islamic and Islamist parties at the ballot box do not necessarily mean political Islam is losing importance generally. A number of different factors can play a role here, from the increasing Islamisation of formerly secular-nationalist parties to the loss of credibility due to entanglement in scandals. Such a development could also occur in countries of the Arab-Islamic world. However, if political parties of Islamic orientation are no longer in a position to represent the moods and interests of the population and channel them towards the government, then, as in Indonesia, there is the danger that other groups outside of the party spectrum, which are frequently prepared to use violence, will be able to exploit society's mood to gain and exert influence. In general, however, Islamic parties have a keen interest in being and remaining the only legitimate, authentic and trustworthy representatives of political Islam in their countries. This is where local and international agencies can become involved, working with Islamic parties to help create the prerequisites in terms of skills, personnel and content and open up opportunities for appropriate political representation of the interests and needs of the country's Muslims.



John Stokes is Research Fellow (June-August 2013) at the Konrad-Adenauer-Stiftung in Argentina and a graduate student at Johns Hopkins School of Advanced International Studies in Washington, D.C.

## ARGENCHINA

### THE CHINESE PRESENCE IN ARGENTINA

*John Stokes*

Sino-Argentine relations have seen a comparative boom since the outset of the Argentine peso default in 2001 and Néstor Kirchner's 2003 presidency, and have further strengthened during current President Cristina Kirchner's tenure. As it stands today, China is, after Brazil, Argentina's second most important trading partner, having received eight per cent of Argentine total exports and providing 13 per cent of its total imports by 2011.<sup>1</sup> This represented a doubling of trade flows from the previous decade, with exports themselves quintupling and imports increasing tenfold (Table 1). These numbers are particularly significant given that, while a Chinese presence in Argentina was certainly not unknown in the pre-crisis era, it had never come close to matching other waves of East Asian inflow into South America (e.g. from Japan to Brazil/Peru).

China and Argentina differ in almost all measurable socio-economic aspects, save for two key features: the complementarity of their trade flows and a desire to distinguish themselves from former colonial and hegemonic powers. Although there still exists no major grouping of nations involving China and Argentina that does not also involve the United States, the EU or Japan, a socio-historical brotherhood between China and Argentina has played itself out in more strictly bilateral terms.<sup>2</sup>

1 | Marcelo Elizondo, "Asia, el nuevo continente emergente para los negocios argentinos", *Desarrollo de Negocios Internacionales*, 23 Oct 2012, <http://consultoradni.com/asia-el-nuevo-continente-emergente-para-los-negocios-argentinos> (accessed 21 Aug 2013).

2 | Eduardo Oviedo, "Argentina Facing China: Modernization, Interests, and Economic Relations Model", *East Asia*, 2013, Vol. 30, 8.

Table 1

**Bilateral Trade with China from 2000-2011**

<b>Year</b>	<b>Exports in mio. U.S. dollars</b>	<b>Exports, Variation in per cent</b>	<b>Imports in mio. U.S. dollars</b>	<b>Imports, Variation in per cent</b>	<b>Trade balance in mio. U.S. dollars</b>	<b>Trade volume in mio. U.S. dollars</b>
1998	681.79	-21.7	1,167.50	16.1	-485.71	1,849.29
1999	508.00	-25.5	992.12	-15.0	-484.13	1,500.12
2000	796.93	56.9	1,156.74	16.6	-359.81	1,953.66
2001	1,122.61	40.9	1,066.33	-7.8	56.29	2,188.94
2002	1,092.35	-2.7	330.17	-69.0	762.19	1,422.52
2003	2,478.42	126.9	720.76	118.3	1,757.67	3,199.18
2004	2,628.32	6.0	1,401.81	94.5	1,226.51	4,030.14
2005	3,192.65	21.5	2,238.09	59.7	954.56	5,430.74
2006	3,473.34	8.8	3,121.85	39.5	351.50	6,595.00
2007	5,172.60	48.9	5,092.68	63.1	79.92	10,270.00
2008	6,393.97	23.6	7,104.38	39.5	-710.41	13,498.35
2009	3,620.48	-43.4	4,823.15	-32.1	-1,202.67	8,443.64
2010	5,798.69	12.1	7,649.00	50.2	-1,850.31	13,447.69
2011	6,237.84	7.6	10,572.96	38.2	-4,335.13	16,810.80
Jan-Sep 2011	4,924.10	-	7,569.20	-	-2,645.10	12,493.30
Jan-Sep 2011	4,175.80	-15.2	6,944.50	-8.3	-2,768.70	11,120.30

Source: Dirección de Relaciones Económicas Bilaterales, Ministerio de Relaciones Exteriores y Culto, Buenos Aires, 2012.

Fig. 1

**Province-Based Chinese FDI Targets in Argentina**



Source: Ramón-Berjano and Girado, n. 7 , Fig. Wikimedia, Tubs ©①②.

While Argentine investment in China has also been growing, the chief concern for many has been a spike in Chinese investment not just in Argentina, but all across Latin America, as part of China’s so-called “go out” policy.<sup>3</sup> Past analyses have focused on the Chinese presence in Africa as it seeks to secure precious minerals and hydrocarbon-based energy sources, but Latin America provides a newer and

3 | Zhu Hongbo, “Building the New Silk Road”, *Globalization, Competitiveness, and Governability*, Jun-Apr 2012, Vol. 6, No. 1, 133.

more complicated playing field.<sup>4</sup> Broadly speaking, it offers more established political and industrial/manufacturing institutions around which Chinese investors have had to navigate more carefully. Undeterred, China in 2008 issued its first “white book” on policy and investment guidelines for the region: *Chinese Policy towards Latin America and the Caribbean*.<sup>5</sup> This motions towards the Chinese state now considering Latin America a valuable enough market to where a unified and tailored approach to the region is merited. The Argentine government has no such guidelines for China.

Current trade and investment flows between China and Argentina can be principally described in terms of complementarity. Argentina supplies valuable natural resources to China (soy exports helped lift Argentina out of both its own financial crisis in 2001 and the global crisis of 2008), and China in turn provides low-cost manufactures: typically machinery, electronics, and other industrial goods.<sup>6</sup> While China has an undoubtedly rich topography (specifically in rare earth materials), its demand for agricultural products far outstrips what it is able to grow domestically. In this vein, Argentina is one of China’s biggest suppliers of soy and soy-based products (these alone came close to five billion U.S. dollars in 2011), with earth-based elements like iron ore also constituting an increasingly key export sector. China’s economic strategy mandates an FDI concentration in three main sectors within Latin America: energy, minerals, and foodstuffs/agriculture.<sup>7</sup> As such, Argentina finds itself a major player in Chinese FDI flows. Whether it is able to successfully exploit energy reserves in areas such as Vaca Muerta and the North Malvinas basin will likely determine its value as a future energy supplier, but it (like China) is currently a

**While China is undoubtedly rich in rare earth materials, its demand for agricultural products far outstrips what it is able to grow. In this vein, Argentina is one of China’s biggest suppliers of soy.**

4 | Axel Borgia, “Argentina: la ‘nueva África’ de la R.P. china”, *La Gran Época*, 4 Jan 2011, <http://lagranepoca.com/argentina-la-nueva-africa-de-la-rp-china> (accessed 16 Aug 2013).

5 | Pablo Nacht, “El Dragón en América Latina”, *Revista de Ciencias Sociales*, Sep 2013, Vol. 45, 147.

6 | Oviedo, n. 2, 19-20.

7 | Carola Ramón-Berjano and Gustavo Girado, “Las Crecientes Relaciones China-África y China-Latinoamérica”, Miguel Velloso and Jorge Malena (eds.), *Nuevas Estrategias de Relacionamento con la República Popular China*, CARI, Buenos Aires, 2012.

net energy importer.<sup>8</sup> Besides FDI from state and private sources, China also uses low-interest loans and diplomatic support to further bolster bilateral ties; Argentina, as a nation ineligible for traditional multilateral (e.g. IMF) loans and stuck in intractable foreign policy disputes (e.g. Falklands/Malvinas) in international forums, is in need of both.<sup>9</sup>

Argentina, for its part, cannot be said to have quite the same focused strategy as does China. It does not have an absolute need for imported Chinese manufactures (although neither does it turn them away), and in that sense it can be said to have an upper hand. This is to say that if trade flows were to stop, Argentina would certainly

lose a major buyer of its agricultural exports, but it is not itself strictly dependent on any Chinese imports.<sup>10</sup> However, because of its financial difficulties and isolated diplomatic status, Argentina seems to have elevated China to a strategic position the latter would

not otherwise occupy. While few investors seem currently willing to invest in the Argentine economy, Chinese companies continue to establish investment accords and, as stated earlier, represent a “new pole” to do business with, thereby counterbalancing an overbearing United States.<sup>11</sup> As will be discussed later, there are also other considerations within the Argentine government that have encouraged a strengthening in economic relations with China even if it is not necessarily in the long-term interests of the Argentine state. Currently, then, the economic relationship remains such that China provides Argentina with capital investment and diplomatic clout, while Argentina provides China with key agricultural and earth-based primary products.

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8 | “Argentina’s Oil Industry, Feed Me Seymour”, *The Economist*, 16 Apr 2012, <http://economist.com/node/21552927> (accessed 16 Aug 2013).

9 | He Li, “China’s Growing Interest in Latin America and Its Implications”, *Journal of Strategic Studies*, Aug-Oct 2007, Vol. 30, No. 4-5, 836; see also Sergio Cesarín, “China y Argentina: Enfoques y Recomendaciones de Política para Potenciar la Relación Bilateral”, CEPES and Friedrich-Ebert-Stiftung, Buenos Aires, 2010, 6/26.

10 | Julio Sevares, “*Clarín*”, Buenos Aires, personal interview, 4 Jul 2013.

11 | Carlos Mendes, “China in South America: Argentina, Brazil, and Venezuela”, *East Asia*, 2013, Vol. 30, 2.

## SHORT-TERM OUTLOOK<sup>12</sup>

As Argentina has been characterised as having a “hyper-presidential” system steeped in a tradition of *caudillismo*, the presidency has at its disposal a vast amount of power to direct national economic policy. Thus, every presidential election represents a potential “pivot point” for Argentine economic relations, and indeed Néstor Kirchner’s 2003 victory and Cristina Kirchner’s second 2011 victory do seem to justify this label. This can be contrasted with, for example, China’s Politburo, which has emphasised a more gradual approach to any restructuring of economic policy; other core democracies like the United States and Japan also seem to have a far greater amount of continuity in the way economic relations are approached, regardless of the political affiliation of each individual administration.

Following her aforementioned second term victory, Cristina Kirchner’s economic policy has been erratic at best. Investors have been given mixed signals of an Argentina desperate for foreign financing and welcoming FDI with one hand while using the other to stymie major business ventures in the name of “self-sufficiency”.<sup>13</sup> Perhaps the most well-known example of this has been the expropriation of YPF from Spain’s Repsol, which Chinese investors had been examining for M&A purposes before Kirchner’s expropriation dashed hopes of any possible deal.<sup>14</sup> The general consensus from most economic experts, both China-based

12 | For our purposes, “short-term” will be defined as until the end of current Argentine President Cristina Kirchner’s mandate in 2015.

13 | “Chau chinos: ‘Miro con mucha desconfianza lo que va a pasar’, admitió Ríos”, *Sur54*, 29 Apr 2013, <http://sur54.com.ar/chau-chinos-miro-con-mucha-desconfianza-lo-que-va-a-pasar-admiti-ros> (accessed 16 Aug 2013); vgl. “La empresa resolvió vender la maquinaria almacenada en Chile”, *El Diario del Fin del Mundo*, 7 Jun 2013, <http://eldiariodelfindel-mundo.com/noticias/leer/49113> (accessed 16 Aug 2013); cf. Brian Winter, “Why Are Investors Fleeing Argentina Again?”, *Reuters*, 15 Jun 2013, <http://www.abs-cbnnews.com/business/06/15/13/why-are-investors-fleeing-argentina-again> (accessed 16 Aug 2013); vgl. Diego Guelar, “Orgullosamente Solos”, *Infobae*, 23 May 2013, <http://opinion.infobae.com/diego-guelar/2013/05/23/orgullosamente-solos> (accessed 17 Aug 2013).

14 | Miles Johnson, Jude Webber and Anousha Sakoui, “Argentina swoop scuppers China oil deal”, *Financial Times*, 17 Apr 2012, <http://ft.com/intl/cms/s/0/483b1c78-88b3-11e1-9b8d-00144feab49a.html> (accessed 17 Aug 2013).

and otherwise, is that Argentina has no consensus itself.<sup>15</sup> The best guess here is that Kirchner seems to have shifted into a reactive decision-making mode; this is to say, economic policy is formed in the short-term as a reaction to individual incidents (e.g. congressional elections, shale gas discoveries, dollar reserves depleting, etc.)

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and national mood.<sup>16</sup> While Kirchner has undoubtedly gained populist points among certain blocs of the electorate for her reactive stances, it heavily constrains Argentina's options in the long-term via a lack of any real planning for the future. China has also been frequently frustrated by the Argentine government's accounting procedures for trade and investment flows via the latter's statistics agency, INDEC, which has already been censured by the IMF for misreporting inflation data.<sup>17</sup> The discrepancies between Chinese and Argentine bilateral trade numbers have led both governments to conclude that the other side has benefited disproportionately in recent years; however, most analysts agree that Argentina's surplus in trade with China ended around 2008, and it is now running a significant trade deficit.<sup>18</sup>

In the short-term, then, China has focused more on investment projects with provincial governments, although this is also due to the fact that natural resources are provincial as opposed to national economic property.<sup>19</sup> The majority of economic accords at the national-national level have so far

15 | Former Ambassador Guillermo Nielsen, Ministerio de Relaciones Exteriores y Culto, Buenos Aires, personal interview, 25 Jun 2013; Dr. Carlos Moneta, Universidad de Tres de Febrero, Buenos Aires, personal interview, 4 Jul 2013; Dr. Carlos Moneta, Universidad de Tres de Febrero, Buenos Aires, personal interview, 4 Jul 2013; Dr. Edmund Amann, University of Manchester, Manchester, personal interview, 27 Jun 2013.

16 | Ebd.

17 | "Motion of censure: The fund blows the whistle", *The Economist*, 9 Feb 2013, <http://economist.com/news/americas/21571434-fund-blows-whistle-motion-censure> (accessed 17 Aug 2013).

18 | Ambassador Eduardo Ablin, "China, Que China?", Centro de Estudios de Política Internacional, Buenos Aires, Feb 2013, 14.

19 | Argentine Republic, "Constitución de la Nación Argentina, Buenos Aires", 15 Dec 1994, Art. 124.



been strictly rhetorical in nature,<sup>20</sup> but national-provincial agreements have borne some fruit: petrochemical projects, mine exploration (see chapter “The Mines of Sierra Grande”), and transportation infrastructure have all seen varying amounts of actual Chinese FDI.<sup>21</sup> Even these projects, however, have met with questionable success, as the Chinese-backed petrochemical company TEQSA in Tierra del Fuego was recently forced to disinvest after a dispute between provincial and national Argentine officials.<sup>22</sup> Additionally, Chinese trains used for Buenos Aires transit have now come under scrutiny by labor unions for poor quality, and are seen as a possible causative element in the most recent fatal train crash in the urban rail network in June 2013.<sup>23</sup> An important cautionary note here is that, while these types of investments seem to be growing overall, they represent a miniscule fraction of China’s FDI abroad (see Table 2), and even of its FDI directed to Latin America and the Caribbean (LAC) specifically.<sup>24</sup> By 2009, financial crisis aside, Chinese FDI abroad reached 263 billion U.S. dollars, of which about 19 per cent was directed to LAC. However, banking havens in the Caribbean took 96 per cent of this sum, with Argentina receiving only 0.5 per cent of the FDI for LAC – approximately 252 million U.S. dollars.<sup>25</sup> This seems unlikely to change as long as tax laws remain so favorable in certain areas and political unpredictability continues elsewhere in Latin America, and in Argentina in particular.

**By 2009 Chinese FDI abroad reached 263 billion U.S. dollars. About 19 per cent was directed to LAC, with Argentina receiving only 0.5 per cent.**

20 | Andrés López and Daniela Ramos, “The Argentine Case”, *China and Latin America: Economic Relations in the Twenty-First Century*, in: Rhys Jenkins and Enrique Dussel Peters (eds.), DIE, UNAM and CECHIMEX, Bonn and Mexico City, 2009, 137; cf. Li, n. 9, 845 and 854.

21 | Silvia Simonit, “Las Empresas Chinas en Argentina”, *Tejiendo Redes*, Carlos Moneta and Sergio Cesarín (eds.), 2012, 149-155.

22 | El Diario del Fin del Mundo, n. 13.

23 | Facundo Chaves Rodríguez, “Para el gremio de maquinistas, ,con el video quieren inculpar al conductor de la tragedia de Castelar”, *La Nación*, 1 Jul 2013, <http://lanacion.com.ar/1597271> (accessed 17 Aug 2013).

24 | López and Ramos, n. 20, 136.

25 | Hongbo, n. 3, 128.

Table 2  
**China FDI Flows to LAC through 2009**

Country resp. Region	Investment before 2009	Investment in 2009	Share in per cent
World	220,000	43,000	
Latin America and Caribbean	41,179	8,000	100.0
Cayman Islands	27,682	7,354	67.2
British Virgin Islands	11,807	1,330	28.7
Brazil	289	72	0.7
Peru	279	85	0.7
Argentina	213	39	0.5
Venezuela	176	20	0.4
Mexico	175	2	0.4
Ecuador	90	1	0.2
Panama	77	10	0.2
Cuba	72	0	0.2

Source: Hongbo, n. 3, 128.

Apart from actual FDI, the Chinese presence has found a growing representation in the supermarket industry within major urban centers. These supermarkets – called *chinos* by locals – are owned and almost entirely operated by Chinese immigrants, and are typically able to offer competitive prices and convenient locales to rival bigger international chains. Regarding pricing and importation of goods, there has been speculation that the Chinese government, through the links of its Buenos Aires embassy with these supermarkets' CASRECH associative chamber, is heavily involved in organising and facilitating the mass purchase of goods for these supermarkets.<sup>26</sup> This is to say that, while the supermarkets are run on a day-to-day basis by private individuals, there is likely a higher level of supervision/orchestration carried out by Chinese state officials through a supply chain to the supermarkets. Much of this remains

26 | Borgia, n. 4; cf. López and Ramos, n. 20, 140; cf. Gonzalo Paz, "Argentina & Asia, 2001-2010: Re-Emergence of China, Recovery of Argentina" (draft paper), *Woodrow Wilson International Center for Scholars*, Washington, 2013, 15.

mired in speculation, but it is rather curious how such a large quantity of unskilled Chinese immigrants have found their way to Argentine urban centers – that alone is viscerally striking, as is the seeming ease with which these immigrants are able to set up their supermarkets in such vast numbers. Tellingly, as even high-end businesses leave Argentina over import restrictions, their locales are being replaced by the so-called *chinos*.<sup>27</sup> The intervention of a logistical “higher power” – whatever its form – would do much to clear up the mystery here.



Chinese presence in the streets of Buenos Aires: Immigrants from China set up supermarkets in vast numbers. | Source: © KAS Argentina.

Argentina, having formally recognised the PRC in 1972, was only the second Latin American nation to establish a full and resident embassy in Beijing, and has since continually paid state visits to China, beginning with General Videla during the military dictatorship and occurring again during each successive democratically elected administration.<sup>28</sup> Both Kirchners paid high-profile visits to China during their presidencies in an effort to increase bilateral ties, although Néstor seems to have had more success than

27 | “Former Escada Boutique to Become a Chinese Grocery”, InvestBA, 23 Nov 2012, <https://investba.com/2012/11/escada-buenos-aires-becomes-chinese-grocery> (accessed 17 Aug 2013).

28 | Former Ambassador Fernando Petrella, Ministerio de Relaciones Exteriores y Culto, Buenos Aires, personal interview, 18 Jun 2013.

Cristina in this regard. Because the former Kirchner was dealing in 2004 with a relatively “new” Chinese superpower at the time of his visit, there was a significant amount of low-hanging fruit vis-à-vis investment proposals and diplomatic accords for both countries; this was followed by his administration’s well publicised recognition of China as a “market economy” within the World Trade Organization (WTO) during Hu Jintao’s reciprocal visit to Argentina that same year.<sup>29</sup>

Table 3

**Anti-Dumping Measures Against China from 2003-2010**

Country	Investigations	Investigations against China	Share in per cent
Columbia	50	24	48
Turkey	146	58	40
Argentina	284	83	29
Venezuela	31	9	29
Mexico	99	29	29
Peru	69	19	28
EU	421	99	24
USA	443	102	23
Ukraine	32	7	22
India	637	142	22
Brazil	216	44	22

Source: Martín Burgos, „Las Medidas Antidumping en la Relación Comercial Sino-Argentina“, Industrializar Argentina, Dec 2011, 39.

During Cristina’s 2010 visit to Beijing, things proved more complicated, as fears of Chinese competition to Argentine industry had begun to take hold; the financial crisis of two years earlier had set the stage for a protectionist mentality

29 | J. Ignacio Frechero, “Conociendo al Dragón Ascendente: La Política Exterior Argentina Hacia China, 2003-2007”, *La Inserción Internacional de Argentina Durante la Presidencia de Néstor Kirchner*, Sandra Colombo (eds.), UNCPBA and CEIPIIL, Buenos Aires, 2011, 148-150.

in response to the continued presence of Chinese low-cost manufactures. Merely days after Kirchner's visit (producing various economic agreements, but little else),<sup>30</sup> sectors of Argentine industry successfully lobbied for a new round of anti-dumping measures against China.<sup>31</sup> Revealingly, Argentina remains the largest Latin American claimant of anti-dumping disputes against China.<sup>32</sup> Months before Kirchner's visit, China, out of frustration with the Argentine national government, had banned the import of soybean oil – although, importantly, it had not banned the import of the soybean itself. Two lines of thought likely underscore China's decision: The first, and easiest to understand, is that the import ban was merely a tit-for-tat response to existing Argentine industrial protectionist measures.<sup>33</sup> The second, and less well publicised, was a deep concern shared by Chinese and Argentine economic officials over "value-added" jobs for soybean products like oil. The complementarity of Chinese-Argentine trade ends at the processing level of natural resources, as both countries have burgeoning industries (for soy, Huandong in China and Rosario in Argentina). Chinese importation of soybean products processed within Argentina is viewed by many in the Politburo as a loss of domestic employment, and the Chinese ban on soybean oil imports from Argentina was arguably a result of this consideration.<sup>34</sup> In reality, both factors probably played a role in China's half-year ban. This episode should be taken as a particularly good illustration of the tension in bilateral trade masked by the lauded "complementarity" rhetoric – Argentina and China both desperately value their value-added and industrial sectors, which causes significant strain in trade that is manifested in anti-dumping measures, import restrictions etc.

**Argentina and China both desperately value their value-added and industrial sectors, which causes significant strain in trade that is manifested in anti-dumping measures, import restrictions and other things.**

30 | "Mrs. Kirchner leaves China with no announcement on the soy-oil embargo dispute", MercoPress, 17 Jul 2010, <http://en.mercopress.com/2010/07/17/mrs.-kirchner-leaves-china-with-no-announcement-on-the-soy-oil-embargo-dispute> (accessed 20 Aug 2013).

31 | Oviedo, n. 2, 29.

32 | Petrella, n. 28.

33 | Dr. Jorge Malena, Consejo Argentino para las Relaciones Internacionales (CARI), Buenos Aires, personal interview, 1 Jul 2013.

34 | Oviedo, n. 2, 26.

A final short-term issue to consider is that of Mercosur, given past talk of a Mercosur-China FTA. Simply put, such conjectures were never realistic. The sticking points here are threefold: First, Mercosur is borderline non-functional as its two power players, Argentina and Brazil, are finding themselves in increasing disagreement over economic policy.<sup>35</sup> Second, currently suspended member Paraguay continues to recognise Taiwan as “China” and, due to the PRC-Taiwan détente beginning in 2008, this status quo will be maintained. Finally, due to the importance of the domestic industrial sector to Argentine (and Brazilian) officials, any consideration of an FTA with China is thought to be suicidal, as even more low-cost Chinese manufactures would flood the market.<sup>36</sup> For this same reason, even a theoretical FTA between Argentina and China is impossible; the Latin American nations (e.g. Chile, Peru) that have managed such an agreement have no real industrial sectors and more fully fit the “complementarity” model, thus nullifying any fears of the decimation of domestic industry.<sup>37</sup> Regarding Mercosur, it will most likely continue to remain adrift in the short-term as Brazil and Argentina become increasingly protectionist, although an FTA between Mercosur and the EU does remain a remote possibility.<sup>38</sup> Unless significant restructuring occurs soon, Mercosur will be an organisation in name only – momentum has shifted to the Pacific Alliance, which could now consider a kind of joint agreement or trade pact with Mercosur.<sup>39</sup>

## **LONG-TERM OUTLOOK**

Argentina’s (and indeed the whole of Latin America’s) long-term economic future concerning Chinese investment and bilateral trade has typically been described using one key term: re-primarisation. By re-primarisation, in the case of China and Argentina we specifically mean the wiping out of Argentina’s industrial sector due to low-cost Chinese competition, and Argentina’s devolution into a strictly primary product-exporting economy (in this case soybeans and a small number of limited value-added soy products).

35 | Amann, n. 15.

36 | Ibid.

37 | Malena, n. 33.

38 | Amann, n. 15.

39 | Moneta, n. 15.

In the past few years, approximately 80 per cent of Latin American exports to China have been extracted natural resources and primary products, while 90 per cent of imports from China were manufactured goods.<sup>40</sup> The debate surrounding re-primarisation assumes a number of variables, chief among them being China's continuing purchasing power and its sustained ability to provide low-cost goods. Taking them as exogenously given, Argentina seems to have two choices ahead of it in a post-Kirchner era: as a first option, it can maintain the trade momentum as is, which will continue to result in windfall profits for the soybean industry at the cost of further eroding the nation's industrial sector. Anti-dumping measures can stall, but not prevent, the inevitable here. Its other choice, which is clearly the more difficult one, would be to play economic hardball with China by diversifying its agricultural export basket and tying the existing exports and FDI on the bilateral agenda to significant Chinese investment in vulnerable sectors and communities.<sup>41</sup>

**Taking China's sustained ability to provide low-cost goods as exogenously given, Argentina can maintain the trade momentum, or play economic hardball with China by diversifying its agricultural export basket.**

Similar to the Chilean model, investors would have to agree to certain CSR-type commitments to the local community (public health, infrastructure, environmental protections, etc.) in order to gain at least preferential access to Argentine natural resources.<sup>42</sup> Until now, quite the opposite seems to have played out, as an Argentina starved for capital flows has granted notable concessions to China with almost no focus on CSR-related issues for those few

40 | Gaston Fornes and Alan Butt-Philip, "Chinese Companies' Outward Internationalization to Emerging Countries: The Case of Latin America", *Chinese Business Review*, Jul 2009, Vol. 8 (7), 17.

41 | Ablin, n. 18, 20; Former Ambassador Diego Guelar, Ministerio de Relaciones Exteriores y Culto, Buenos Aires, personal interview, 25 Jun 2013; Julio Sevares, "El Ascenso de China", *Nueva Sociedad*, Sep-Oct 2011, Vol. 235, 48-49; Amann, n. 15.

42 | Amann, n. 15; Johanna Robles, *The FDI and the Regional Development in Chile*, University of Illinois, Doctoral Dissertation, 2010, [https://ideals.illinois.edu/bitstream/handle/2142/16790/4\\_Robles\\_Johanna.pdf](https://ideals.illinois.edu/bitstream/handle/2142/16790/4_Robles_Johanna.pdf) (accessed 18 Aug 2013); Paz Verónica Milet, "Corporate Social Responsibility in the Large Mining Sector in Chile: Case Studies of Los Pelambres and Los Bronces", *Corporate Social Responsibility in Latin America*, United Nations Conference on Trade and Development, 2010.

projects that have even come to fruition.<sup>43</sup> While Chile's near monopoly on the world's copper supply has given it a strong upper hand in investment and trade negotiations, the 2010 soybean oil dispute proved that Argentina also has significant bargaining power: China never once stopped the importing of actual soybeans, just the refined oil. Indeed, Argentina recently extracted a controversial agreement from China to export even genetically modified soy crops, underscoring China's high demand.<sup>44</sup> If Argentina views its current economic hardships as temporary, yet its competitive advantage in soybeans as long-term, then a more sustainable environmental and trade policy can result.

**At the turn of the 20<sup>th</sup> century, Argentina was one of the wealthiest countries in the world due to the complementarity in its trade flows with Great Britain.**

Complicating matters is, again, an element of history here similar to how a perceived "periphery" status has united China and Argentina, despite there being few historical links. Analysts talk of a "re"-primarisation of the Argentine economy because, at the turn of the 20<sup>th</sup> century, Argentina was one of the wealthiest countries in the world due to the complementarity in its trade flows with Great Britain.<sup>45</sup> As in the China case, Great Britain imported primary products from Argentina, and in turn supplied it with newly industrialised goods. This era, to many, represents a kind of *belle époque* in Argentine history. Yet, two details are overlooked here that greatly distinguish previous trade with Great Britain from that occurring with China today. The first is that, at the time of Argentina's original primarisation, there was no industrial sector to protect; it was complementarity in the truest sense of the word, and so naturally British trade and investment were not a threat to Argentine industry as Chinese trade flows currently are. The second issue is that, British self-interest aside, the real investments it

43 | Daniel Argemi and Javier Luchetti, "Algunas Cuestiones sobre las inversiones chinas en la Argentina", VI Congreso de Relaciones Internacionales, 21-23 Nov 2012, 10-11; "Programa de Vigilancia Social para las Empresas Transnacionales: La Inversión China en Argentina", Foro Ciudadano de Participación por la Justicia y los Derechos Humano, Buenos Aires, 2008; Ablin, n. 18, 50/56/71-73.

44 | "China import deal boosts Argentina's genetically modified crops", United Press International, 11 Jun 2013, [http://upi.com/Business\\_News/Energy-Resources/2013/06/11/UPI-83431370981488](http://upi.com/Business_News/Energy-Resources/2013/06/11/UPI-83431370981488) (accessed 19 Aug 2013).

45 | Hongbo, n. 3, 132.



made into Argentine infrastructure revolutionised domestic transportation, especially rail. China has yet to prove itself in this regard, and indeed many investments it has realised have been limited to its own resource extraction designs. As long as the investment paradigm remains this way, Argentina will see little benefit.

A final word is now necessary regarding the aforementioned assumptions in the re-primarisation debate: Chinese growth and labor costs. While China continues to grow economically, the truth of the matter is that it still has a lower GDP per capita than Argentina, and its wealth is highly concentrated in its seaside financial centers and special economic zones.<sup>46</sup> The recent slowdown of the Chinese economy along with fears of a looming debt crisis have called into question the ability of Chinese demand to support the economies of trade partners like Argentina. The amount of bad debt within China's "shadow banks" may trigger a crisis similar to 2008 (no one knows the magnitude of the debt given how well it has been hidden and/or denied until now).<sup>47</sup> While Argentina is not financially tied to China in the same sense as the U.S. via Chinese holdings of U.S. debt, a drop in Chinese imports of Argentine soybeans and soy products would undoubtedly be a significant loss for the Argentine economy.<sup>48</sup> There are other partners Argentina can turn to in order to offset this demand gap (chief among them being India), but even these third-party nations cannot wholly make up for the loss in immediate trade.<sup>49</sup> The financial ability of the Chinese government to maintain current levels of imports is thus in some doubt, and as the details of the debt crisis and Chinese financial sector restructuring come to light throughout the coming year, expectations will be adjusted accordingly. Until then, a wait-and-see approach is necessary. Additionally, China has now become a victim of its own economic success, as

46 | Oviedo, n. 2, 11-12.

47 | Frank Langfitt, "China's 'Shadow Banking' And How It Threatens The Economy", NPR, 28 Jun 2013, <http://npr.org/blogs/parallels/2013/06/28/196617073> (accessed 19 Aug 2013); Keith Bradsher, "Easy Credit Dries Up, Choking Growth in China", *The New York Times*, 15 Aug 2013, <http://nytimes.com/2013/0816/business/global/easy-credit-dries-up-crippling-chinese-cities.html> (accessed 19 Aug 2013); Moneta, n. 15.

48 | Nielsen, n. 15.

49 | Paz, n. 26, 23.

the labor costs of a wealthier and more demanding labor force have finally had their effect.<sup>50</sup> Manufacturing jobs are slowly drifting to Southeast Asian nations like Cambodia and Vietnam, who now have a comparative advantage over China in low-cost labor. Therefore, the ability of China to maintain low-cost manufacture exports to Argentina (and thus undercut the Argentine industrial sector and induce re-primarisation) must also be taken with a grain of salt. Certainly this will not happen within a matter of years, but a proportional decrease of Chinese manufactures is entirely possible over the next two or so decades, especially if anti-dumping cases and other industrial protectionist measures continue to be employed by Argentina. A certain amount of Chinese-assisted re-primarisation has already happened in both Brazil and Argentina,<sup>51</sup> but the extent to which it will continue unabated should be critically examined.

#### **CASE STUDY: THE MINES OF SIERRA GRANDE**

Of the Chinese FDI projects ongoing in Argentina, Sierra Grande presents one of the most intriguing examples, complete with all the stereotypical features of how Chinese FDI has played out in the country. As previously observed, Chinese FDI in Argentina tends to be resource-seeking, with a particular emphasis on elements and minerals – importantly, China is the principal producer and consumer of steel in the world, and relies on iron imports to maintain this position.<sup>52</sup> The

**The mining town of Sierra Grande in Río Negro province fell into a state of economic decay until a Chinese company purchased the mine under a 20-year concession in 2005 for approximately six million U.S. dollars.**

town of Sierra Grande in Río Negro province provided a near-perfect backdrop, as its iron mines had been closed in the early 90s during the Ménem administration for lack of profitability. This caused the town to fall into a state of economic decay, which seemed inevitable until A Grade Trading – a company registered in the United States as a subsidiary of Shanghai-based Leng Cheng Mining – purchased the mine under a 20-year concession in 2005 from provincial authorities for approximately six million U.S. dollars after being granted a special extension for proposal submission, after which time an additional 20 million

50 | Amann, n. 15.

51 | Moneta, n. 15.

52 | Simonit, n. 21, 152.

U.S. dollars investment was immediately planned.<sup>53</sup> It subsequently entered into a joint venture with the China Metallurgical Group Corporation (MCC) such that MCC gained 70 per cent ownership; A Grade Trading, with 30 per cent, changed its name to Minera Sierra Grande. Along with their concession came the exclusive use of Punta Colorada port facilities for shipments to China, of which several have already been made since the initial shipment in 2010.<sup>54</sup> The mines contain a total of 96 kilometres of tunnels, with now refurbished processing facilities and a 32 kilometre ferroduct to the port facilities.<sup>55</sup> A forecasted total of 120 million U.S. dollars has been projected to bring the mine to full extraction capacity (2.8 million metric tons of iron ore and 1.2 million metric tons of concentrated iron in two to three years), of which 80 million U.S. dollars has already been invested.<sup>56</sup> Current production is estimated at 1.5 million metric tons of iron ore per year, and estimates put the amount of the mines' total proved iron deposits at 200 million metric tons, with another 200 million metric tons predicted, making it one of the largest iron mines in Latin America.<sup>57</sup>

Problems facing this particular Chinese FDI project have been both publicised and non-publicised. Turning first to the former issues, Sierra Grande requires an extremely large water supply to maintain its production levels. As of 2012, over 600,000 metric tons of iron had been exported,<sup>58</sup> yet this is not nearly the production level Chinese operators wish to reach. Part of the delay in achieving this level has been that in order to reach one million metric tons alone on investors' time schedule, 35 liters of water per second are needed at processing facilities.<sup>59</sup> Sierra Grande's main water supplier has so far been unable to provide that quantity, although improvements are expected. Additionally,

53 | López and Ramos, n. 20, 139.

54 | Soledad Maradona, "La difícil experiencia china en la mina de Sierra Grande", *La Nación*, 21 Mar 2010, <http://lanacion.com.ar/1245513> (accessed 19 Aug 2013).

55 | *Ibid.*

56 | *Ibid.*; Ablin, n. 18, 50.

57 | Ablin, n. 18, 49; López and Ramos, n. 20, 139.

58 | "Minera Sierra Grande prepara segundo embarque de hierro a China", *Río Negro*, 26 Feb 2013, <http://rionegro.com.ar/diario/minera-1078753-9701-nota.aspx> (accessed 19 Aug 2013).

59 | Maradona, Fn. 54.

a series of well publicised worker strikes and complaints at the mines have stemmed from low salaries and unsafe mining conditions.<sup>60</sup> Union bargaining and government intervention eventually quelled these protests, but worker dissatisfaction has played a significant part in production delays so far.

Finally, and most recently, there has been talk of MCC/Minera Sierra Grande pulling out all together, as the national government has recently demanded that the joint venture only work with the Argentine government-affiliated port company, Maruba, in the loading and exportation of its iron shipments.<sup>61</sup> This has essentially raised shipping costs 30 per cent for the Sierra Grande venture, and Chinese investors are now threatening to pull out, as the business is becoming unprofitable. They have also cited government restrictions on capital imports (particularly U.S. dollars), a fall in steel demand, and a delay in a 70 million U.S. dollars IVA devolution they have been scheduled to receive.<sup>62</sup> As is typical, the provincial government has come down firmly on the side of Sierra Grande, and has even facilitated talks between the joint venture, the national Secretary of Mining, and the Chinese ambassador in Buenos Aires.<sup>63</sup> The results of the May 2013 talks were inconclusive, although Sierra Grande remains in operation.

**Particularly disconcerting to some has been the low price and perceived special treatment with which A Grade Trading was able to purchase the concession from the Río Negro government.**

Perhaps less well publicised have been issues related to Chinese investors' long-term strategy with Sierra Grande, as well as its labor demographics and conditions. Particularly disconcerting to some has been the low price and perceived special treatment with which A Grade Trading was able to purchase the concession from the Río Negro government. There has been some discussion of bribery

60 | "La Inversión China en Argentina", Fn. 43, 11.

61 | Nicolás Gandini, "Mayoral y Pichetto negocian contrarreloj con china MCC para evitar cierre de la mina Sierra Grande", *El Inversor*, 22 May 2013, <http://elinversoronline.com/?p=2981> (accessed 19 Aug 2013).

62 | Claudio Andrade, "Otra minera amenaza con dejar sus negocios en la Argentina", *Clarín*, 3 May 2013, [http://ieco.clarin.com/empresas/\\_0\\_912508822.html](http://ieco.clarin.com/empresas/_0_912508822.html) (accessed 19 Aug 2013).

63 | "El Gobernador Weretilneck Trato el Tema de la Minera", *El Cordillerano*, 15 May 2013, <http://elcordillerano.com.ar/index.php/politica/item/935> (accessed 19 Aug 2013).

here, although nothing has been proven.<sup>64</sup> Additionally, it has now been discovered that the quality of iron emanating from the mines, due to phosphorus contamination, is considered very low, and investors have experienced trouble in finding any buyers other than China itself.<sup>65</sup> MCC and Minera Sierra Grande seem unwilling to invest the necessary amount to improve refining processes, which has led many to speculate that China is either content with using inferior iron in its steel production, or that the iron extraction is merely a cover for something else. It is also possible that Sierra Grande was just a poor investment by China. Meanwhile, a point of contention has been the Chinese workers themselves in Sierra Grande, as Chinese companies typically employ their own FDI model wherein not just managerial personnel, but also ground workers are imported from China. Among FDI projects in Africa, for example, one study covering all major Chinese ventures found that 91 per cent of managers as well as 48 per cent of regular laborers came directly from China.<sup>66</sup> Included in the Sierra Grande concessions was an immigration deal with government officials such that approximately one third of Sierra Grande's 400 or so workers are of Chinese origin<sup>67</sup> – the numbers tend to differ in various reports, as Sierra Grande rotates its Chinese workers every half a year.<sup>68</sup> Many have theorised that this is in part because it does not wish for these workers (who are often thought to be little more than indentured servants, or perhaps even political prisoners) to become accustomed to a more Western lifestyle, including democracy and certain political freedoms.<sup>69</sup> As it stands, all Chinese workers live in a compound built exclusively for them, and have little to no contact with the Argentine community; most do not even speak Spanish.<sup>70</sup> This secrecy and segregation has led

64 | Liwei Fu, President of the Argentine Falun Dafa Association, Buenos Aires, personal interview, 2 Jul 2013.

65 | "Sierra Grande Sigue Siendo un Albur", Urgente24, 19 Aug 2012, <http://urgente24.com/203564-sierra-grande-sigue-siendo-un-albur> (accessed 19 Aug 2013).

66 | Ray Levitt, "Chinese Contractors in Africa: A Survey: Insights from a Survey", Collaboratory for Research on Global Projects, 2006, [http://crpg.stanford.edu/events/presentations/gcr3/Levitt\\_GCR3.ppt](http://crpg.stanford.edu/events/presentations/gcr3/Levitt_GCR3.ppt) (accessed 21 Aug 2013).

67 | Ablin, n. 18, 50.

68 | Maradona, n. 54.

69 | Liwei Fu, n. 64.

70 | Maradona, n. 54.

many to believe that human rights violations (specifically concerning labor conditions) are rampant in the mines, and Argentine workers have already complained as much from what they have experienced.<sup>71</sup> Analysts interviewed for this report said that they had no firsthand knowledge of such violations, but would also not be surprised if they were occurring, given the deplorable mining conditions in China itself.<sup>72</sup>

As Sierra Grande continues production, its story represents Chinese FDI in a nutshell: promising investment that has brought with it a threatening element, a grab for natural resources at bargain costs, a visible yet segregated Chinese labor community, and a lack of coordination between Argentine provincial and national governments. FDI ventures like Sierra Grande are more the exception than the rule, as Chinese investment in Argentina has so far been more promissory in nature than anything else. However, the extent to which projects like these will increase depends on a growing public awareness of the conditions surrounding FDI agreements and their implementation, as well as whether various levels of Argentine government will finally begin to cooperate in one direction or another.

## CONCLUSION

**China's overall impact is likely overstated. The fact remains that no significant investment has been made in the Argentine economy by Chinese sources on the same scale that is has been by the U.S. and the EU.**

While the Chinese diplomatic and economic "threat", if one can call it that, is certainly real concerning China's current impact on the Argentine industrial sector, its overall impact is likely overstated. Many in Argentina find themselves questioning the alienation of traditional allies, economists have become rattled by the amount of cheap Chinese manufactures in the country, and the ability of China to sustain current trade flows is questionable. At the end of the day, the fact remains that no significant investment has been made in the Argentine economy by Chinese sources on the same scale that is has been by the U.S. and the EU.<sup>73</sup> A lack of cultural compatibility and human rights concerns have also hampered Sino-Argentine business

71 | Fu, n. 64; "La Inversión China en Argentina", n. 43, 11-12.

72 | Moneta, n. 15; Sevares, n. 10.

73 | Dr. Edmund Amann, "Lecture 9: Foreign Direct Investment and Its Consequences", Johns Hopkins-SAIS, Bologna, 2013.

interactions in the past,<sup>74</sup> as have fears of environmental degradation. Indeed, throughout Latin America, there have been numerous examples of Chinese and other multinational deals falling through completely (Peru) or being subjected to stringent CSR regulations and expectations (Chile).<sup>75</sup> Perhaps, then, we would do better to talk in terms of “semi”-primarisation and not “re”-primarisation. That a shift to soybean production has occurred is indisputable, but Argentina’s industrial sector remains an influential power, and its fears have already ended any chances of an FTA between China and Mercosur or even between China and Argentina itself. For its part, China seems to have little appetite to deal with an unpredictable national government, cumbersome labor regulations, and a populace increasingly sensitive to environmental degradation.<sup>76</sup> It must also keep its own finances in mind during the next few precarious years.

To conclude, it is important to note that Argentina is not Africa. It has a much higher degree of labor protections, environmental concerns, and government obstacles to foreign entities purchasing and developing large swaths of land for natural resource extraction.<sup>77</sup> Certainly, out of all the Latin American countries, Argentina has not been the best at safeguarding its natural resource endowments, but this may be a more short-term issue related to temporary financial struggles and a reactive national government than anything else. Not helping matters is the fact that the general Argentine public has no real knowledge or opinion of the Chinese presence in the economy outside of the previously mentioned supermarkets – Sino-Argentine relations continue to remain a niche topic for policymakers and academics.<sup>78</sup> Regardless, as many of its neighbors find ways to deal with Chinese trade and investment, Argentina has a variety of paths that future governments can consider. It seems that the current government is too unwieldy to

**The general Argentine public has no real knowledge or opinion about the Chinese presence in the economy outside of the previously mentioned supermarkets – Sino-Argentine relations continue to remain a niche topic for policymakers and academics.**

74 | Sergio Cesarín, “China: Una Mirada Estratégica desde la Perspectiva Argentina”, Seminar: La Relación entre Argentina y China – Presente y Futuro, 12 Oct 2010, 6.

75 | Sevares, n. 10; Amann, n. 15.

76 | Sevares, n. 10.

77 | Amann, n. 15.

78 | Moneta, n. 15; Nielsen, n. 15.

choose any fixed path at all, but those in the post-Kirchner era would be wise to view China for what it is: a new economic power whose primary goal is maintaining consistent development. China has very little interest per se in serving as a counterbalance to the U.S., as that would mean unnecessarily entangling itself with the world's premier economic and military superpower, even while the Politburo's own hold on domestic power is contingent upon providing food, energy, basic services, and economic growth to its people.<sup>79</sup>

Argentine hopes of a new partner to shut out the U.S. and relive a golden age are wishful thinking, at best, and giving China near-unconditional access to natural resource extraction and non-stop soy exports would result in a much different form of primarisation than that of the past.<sup>80</sup> Therefore, the sooner Argentina realises the strength of its own position, the sooner the Sino-Argentine trade relationship can reach that elusive "win-win" quality that both sides claim to seek. For Argentina, this would ideally include a more diversified set of agricultural exports, and industrial and service sectors with higher degrees of investment and competitiveness. One would predict that the likelihood of this eventually happening to at least some extent is high, but the question of when exactly this will occur and how much environmental and industrial damage will be wrought until then remains to be seen.

79 | Carlos Escudé, "China y la Inserción Internacional de Argentina", CONICET, 2011, 10; Cesarín, n. 74, 7; Li, n. 10, 854-858.

80 | Cesarín, n. 74; Paz, n. 27, 27-28.





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Konrad  
Adenauer  
Stiftung