

Origins of International Terrorism in the Middle East*

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This paper argues that Islamist international terrorism is associated with polities and regions of the world where economic globalization has not taken place because public institutions do not support the development of viable capitalist markets. The design of the explanatory account follows a simple scheme derived from theories of rebellious mobilization, social movements, and revolutions (for example, Della Porta and Diani 1999; Parsa 2000). For such political mobilization to take place, intense, widely experienced human suffering and deprivation must exist. For such suffering to motivate mobilization, political ideologues must articulate interests and a broad cultural interpretation that explains to potential activists how deprivations have come about and how to overcome them. These interpretations can be disseminated to target constituencies only if political opportunities are conducive for political entrepreneurs to overcome collective action problems and build insurrectional organizations. What this involves is a strategic interaction between forces protecting the status quo and those challenging it. In the case of contemporary Islamist movements, this process has led to a splintering of different challenging groups and an isolation of radicals who have resorted to a sectarian terrorist strategy. The observable dynamic in the Middle East may not be

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unique, although at present other places on earth where conditions might fuel an effective international terrorist mobilization are not discernible.

The Primacy of Politics: State Failure and Economic Deprivation

State Power and Economic Development

Taking their lead from Adam Smith, normative liberal political philosophers (Nozick 1973) as well as social theorists (Polanyi 1946) realized that markets are fragile, vulnerable rule-based modes of social coordination that are likely to collapse in the absence of external institutions to enforce rule compliance, above all those of the state. States establish a monopoly over the means of coercion, depriving all market participants of the option of resorting to violence as an alternative to voluntary contracting as a mode of allocating scarce resources. Moreover, states can address a variety of market failures by providing collective goods and preventing collective bads.

Whether or not states deliver such goods and services, however, depends on the power and dispositions of the rulers. Market participants want states that are strong enough to protect and enforce property rights and expedite the process of economic accumulation, but not so strong as to empower the rulers to expropriate the market participants themselves (Weingast 1995). Rulers become predatory if their power is unchecked and if they have short time horizons (high discount rates). This makes the expropriation of current market participants through very high tax rates, followed by weak investments and economic growth, preferable to lower tax rates, followed by strong investment and high growth that would deliver great wealth to rulers in the more distant future. Rulers have high discount rates when they are under immediate internal or external threat of extinction (Levi 1988). Their discount rates may also be high in the opposite circumstance, that is, if they face no internal or external threat of extinction at all. In both instances, predatory exploitation of the citizenry is the dominant strategy of political incumbents.

The rulers' propensity to predation is lowest when they face moderate international and domestic insecurity about their own position. Self-enforcing systems of institutions that establish checks and balances among power holders establish moderate domestic insecurity and make it impossible for any one of the rulers to create a power monopoly with

predatory consequences. The means of bringing this about is the separation of powers, in both functional as well as territorial-jurisdictional terms (federalism). Moderate international insecurity results from organized state systems with a small number of competing states, or blocs of states, none of which has military supremacy over all the others taken together. Moderate international and domestic insecurity feed upon each other when in a state system members of each polity have the capacity to exit one state and join another. The threat of exit on the part of its members restricts the predatory capacity of the rulers (Thibout 1956).

Rulers become predatory if their power is unchecked and if they have short time horizons (high discount rates).

In addition to a very high rate of extraction/exploitation, predatory rule goes hand in hand with the absence of formal institutions by means of which rulers make credible commitments to their subjects' economic property rights and civic liberties. Access to resources is based on personal connections and relations of loyalty rather than binding rules and laws. Following Weber, Juan Linz calls this regime »sultanism« to indicate the arbitrary and often unpredictable character of rule in the Middle East (Linz and Stepan 1996; Chehabi and Linz 1998). Correlates of predatory rule are (i) high levels of corruption; (ii) patrimonial and neo-patrimonial resource allocation (clientism, patronage); (iii) low levels of civil service competence and professionalism; and (iv) few civil and political liberties. In predatory regimes, government consumptive expenditures are high relative to the economic development of the polity and rates of domestic investment are low, either because the rulers consume so much of the wealth generated and/or capital flight transfers a substantial share of wealth abroad.

Predatory rule also has implications for globalization of the economy. It is inimical to trade openness and the free movement of capital. Imports and exports are favorite transaction points at which predatory rulers and their henchmen capture rents. They have to administer capital movements in order to prevent subjects from employing the transfer of resources abroad as a vote of no-confidence in a predatory government. Globalization thus threatens predatory rule and potentially shifts the balance of power in a polity from a small core of rulers to a broader mass of property holders.

There is a sophisticated econometric literature that has established several important consequences of predatory government (for a review up to 1999, see Landa and Kapstein 2001). They confirm the relationships between arbitrary rule, economic growth, inequality, and globalization postulated above.

- ▶ Predatory rule, as measured by the absence of institutions protecting property rights and nurturing collective goods, depresses economic growth. Bad institutions (traced by indicators of corruption, absence of rule of law, and so on) trump all rival explanations of cross-national diversity in long-term economic growth and they are themselves not statistically endogenous to the other causes or to economic growth itself (Acemoglu, Johnson, and Robinson 2001; Easterly 2001; Easterly and Levine 2002; Rodrik, Subramanian, and Trebbi 2002). This does not imply that democracies create greater growth than all authoritarian regimes. Some authoritarian regimes are non-predatory and may in fact deliver better economic growth than democracies because they offer more certainty to investors than the latter. But many authoritarian regimes are predatory and offset the advantageous economic performance under non-predatory authoritarianism by wretched economic performance under predatory rule.
- ▶ Inequality depresses economic growth, especially in interaction with political instability, a common correlate of predatory rule (Alesina and Perotti 1996; Alesina and Rodrik 1994). A commonly asserted negative relationship between redistribution and economic growth can be (also over-)compensated, provided policies aiming at greater equalization coincide with predictable, stable institutional frameworks and, especially, policies that provide collective goods (education, and so on) or that reduce transaction costs of market economies (cf. Landa and Kapstein 2001: 282–89).
- ▶ Globalization in markets for goods, services and capital promotes economic growth, but only if non-predatory domestic political institutions are in place (Rodrik 1999; World Bank Policy Research Report 2002). Where predatory rulers disable their subjects from acquiring the assets and competencies to compete in international markets, globalization of markets has detrimental effects.¹

1. I am disregarding here debates about the effect of deregulation of global short-term capital markets on economic growth. It is by now generally recognized that speculative waves, e.g. in currency markets, are not conducive to greater economic growth.

- ▶ The effect of globalization on inequality is contingent upon the quality of institutions and the propensity of rulers to invest in education and health care. Trade openness and especially foreign direct investment/technology transfer may have the effect of increasing inequality because they tend to boost the demand for more qualified labor, yielding a skill premium on wages for scarce talent. This wage inequality is greater in predatory regimes that do not counteract inequality and skill shortages by boosting the supply of educated workers.

A classification of political regimes world-wide according to the extent to which they guarantee democratic rule developed by Diamond (2002) from Freedom House ratings of civic and political rights allows us to gauge the general potential for predatory rule in a region. According to this classification, the Middle East is the only region in which there is no single full liberal democracy with well-protected civil and political rights, aside from Israel. Turkey qualifies as an »ambiguous regime«, Lebanon, Iran and Yemen as »competitive authoritarian«, and all others as »hegemonic electoral authoritarian« or »closed authoritarian«. The potential for predatory rule in the Middle East is thus even greater than in Sub-Saharan Africa or Asia.²

The Middle East appears to be trapped in a vicious circle of low growth, bad institutions of governance, and resistance to economic globalization.

Next to Sub-Saharan Africa, the Middle East and North Africa are also the regions on earth that economically performed the worst in the 1990s. If we added the 1980s, the picture would not change much. There is thus no question that the intensity of socio-economic deprivation felt throughout much of the Middle East has become great. Furthermore, the Middle East and Islamic North Africa constitute the regions on earth with the greatest resistance to globalization.

Altogether, the Middle East appears to be trapped in a vicious circle of low growth, bad institutions of governance, and resistance to economic globalization. The proximate cause of this economic predicament in all

2. A more detailed comparative analysis and discussion of predatory rule, economic growth and exposure to globalization in Middle Eastern countries can be found in the full-length version of this article (Kitschelt 2003).

these countries is the prevalence of import substituting industrialization (ISI) strategies that rely on

- ▶ overvalued currencies that make exports uncompetitive, but facilitate the administratively regulated import of capital and consumer goods;
- ▶ tariff and non-tariff barriers to the import of goods, services and capital; and
- ▶ a state-run bureaucratic planning machine that allocates scarce resources, administers prices, and owns a wide range of industries.

ISI undercuts incentives to invest and produce efficiently and generates a huge unproductive public employment sector strategically used by authoritarian regimes to coopt critical segments of the population with mediocre quasi-jobs. ISI-based economic strategies follow an imperative of political survival by the economic elites, but are economically detrimental, when the challenge of economic development is to increase the sophistication and efficiency of manufacturing industries and services (see Richards and Waterbury 1996; Henry and Springborg 2001).

The Islamic Middle East is clearly a region »left behind« by much of the rest of the world, with the possible exception of Sub-Saharan Africa and a pocket of Central Asian fission products of the former Soviet Union. Progressive Arab intellectuals have become worried about this (United Nations Development Programme 2002). But why are many Middle Eastern and other Muslim polities economically so depressed? Are the doctrines of Islam, for example the propensity to fuse religion, economics and politics, the cause of this misery? Or are religious doctrines sufficiently malleable to accommodate different economic institutions so that causes other than cultural beliefs must be having such a detrimental effect on the region? Let us briefly address these issues and then return to the next step in the main argumentation of this article, namely how objective deprivations in the Middle East may convert into overt resistance to political rule and different strategies of resistance to predatory rulers, one of which may be international terrorism.

Islam Is Not the Cause of Weak Economic Performance: Endogenizing Authoritarian Predatory Rule

Many regard Islam as a cognitive impediment that disables whole societies from creating good governance and economic wealth. The argument runs as follows: Islam posits doctrines of the good society that call for a fusion of the economic, political, and religious spheres. By regulating all

economic and political activity under the auspices of religious norms and values, Islamic countries cannot release the »animal spirits« of innovative capitalism. And they cannot harvest the creativity generated by individualistic, tolerant politics based on broad political participation and free economic exchange made possible by a legal framework indifferent to market participants' private religious beliefs.

This cultural account identifies several mechanisms mediating between Islamic religious doctrines and economic performance. Because such religious doctrines call for a fusion of economic, political, and religious norms, they favor interventionist ISI economies. Predatory authoritarian rulers, in turn, are regime incumbents with the largest stake in preserving state interventionist economies and may want to legitimize their fusion of politics and economics in religious terms. The presence of authoritarian rulers and administered economies also helps to preserve another religious tenet, the exclusion of women from equal participation in economic and political life. Cultural norms thus inspire economic and political governance structures that create disincentives for efficient investment in fixed or human capital (for example, women's education) and further the privileges of rent-seeking groups benefiting from state intervention.

Studies of the *quality of institutions*, measured as control of corruption or the rule of law, generally find that historical conditions affect contemporary political rule, but Islam does not stand out as a determinant of institutional quality. If anything, it is the prevalence of Protestantism in a polity that boosts institutional quality compared to all other religions, none of which leaves an additional significant positive or negative imprint on the dependent variable (see La Porta et al. 1999; Treisman 2000).

The large literature on the *determinants of democracy*, too, yields little support for the cultural hypothesis. Przeworski et al. (2000: 124) find no evidence that Islam hinders democracy, once other conditions are taken into account. But many major Arab countries are not included in their sample. Others find a consistently negative effect of Islam on democracy, but do not control for other theoretically specific features of the Middle East (for example, Barro 1997; 1999). Michael Ross (2001) establishes that Islam affects democratization negatively, once per capita income, membership in the Organization for Economic Co-Operation and Development (OECD), as well as oil and other raw material exports are controlled for, among other things. But Islam vanishes as a determinant of authoritarianism when a regional dummy for the Middle East is added.

Apparently, outside the Middle East, Islamic countries are not particularly undemocratic, given their economic structure and level of development. In contrast to the Middle East, some of the largest Islamic countries on earth, such as Bangladesh, Indonesia, and Malaysia have had spells of electoral democracy. Even Pakistan has a better democratic track record than just about any Middle Eastern country. This suggests that there may be something other than religion that hinders democracy in the Middle East. It needs to be captured in different theoretical terms.

If Islam is a determinant of neither predatory rule nor low economic growth per se, how can we shed light on the mystery that the Middle East has proven so resistant to democratization or good governance based on a formal-procedural conception of the rule of law and protection of private property rights? Let me advance two minor and two major arguments to account for the structural inability of the Middle East to embrace non-predatory rule and democracy.

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Ironically, the first substantive minor determinant of the absence of non-predatory rule may be the comparative shallowness of colonialism in the region, and more specifically the absence of lasting British colonialism. Extended British rule may have improved the quality of institutions in a durable fashion in a number of countries by introducing professional civil services (see La Porta et al. 1999; Triesman 2000), although British rule has not increased the probability of democratic governance among contemporary polities (see Barro 1997: 70–74; but see also Midlarsky 1998). The Middle East experienced British overlords, but little sustained direct governance from the center.

The second most likely substantive minor condition predisposing the Middle East to predatory rule may be the absence of severe international pressure endangering the survival of domestic regimes. Very severe external threats emanating from a large hostile regional hegemon, such as those experienced by Japan after 1856 and by South Korea or Taiwan since 1948, may force authoritarian regimes to restrict predatory resource extraction from their own people and nurture economic growth through

good governance and respect for property rights in order to create positive mutual reinforcement of the growth of private wealth and the expansion of military power, even with low taxation rates. In the Middle East, not even Israel posed a hegemonic threat to the survival of Arab governments, nor did any other foreign power. Predatory Middle Eastern regimes therefore did not have to fear that unproductive economic development strategies would weaken their military strength sufficiently to threaten their domestic survival.

Clearly a *major* condition of the relative poverty and predatory nature of Middle Eastern regimes is the natural resource wealth provided by oil. Ross (2001) has specified and tested a variety of causal mechanisms that link oil exports to corruption and predatory rule. At the base of all these mechanisms is the idea that rulers will not accommodate to representation as long as they do not have to tax subjects. Where authoritarian rulers do not need to rely on the fruits of their subjects' ingenuity, they will not share power, but employ their independent revenue flow to bribe critical segments of the population into subservience.³ Thus oil wealth is in some ways a curse in disguise. It undermines the quality of governance, creates cronies and clients, and promotes import-substituting industrialization regimes that are counterproductive for economic growth.

The potentially most interesting, deeper historical cause of predatory authoritarianism in the Middle East may build on an adaptation to that region of Barrington Moore's (1966) account of the origins of democracy and dictatorship. It can be linked to Boix's (2003) recent generalization of Moore's argument that significant concentration of asset ownership (land, natural resources) in a small ruling class, together with the immobility or specificity of such assets across borders, makes democratization less likely. Considerable inequality of resource control radicalizes the demands of poor challengers. Because democracy would enable the poor masses to redistribute such assets, wealthy rulers have little inclination to make democratic concessions. The physical immobility of assets further stiffens the spine of such rulers.

Oil is one obvious fixed asset that makes rulers fight against political democratization because democracy would almost certainly lead to their

3. In other regions of the world, foreign aid may play the same role of degrading already predatory political governance by relieving governments from reliance on resources produced by their subjects. See Knack 2000; Easterly 2001; Van de Walle 2001.

expropriation. However, as Simon Bromley (1997) argues in his adaptation of Moore's (1966) argument to the Middle East, the concentration of fixed resources around large landowners and a small commercial class may have antedated the impact of oil in a number of countries. Only where there has been a mass of agrarian smallholders and a dispersed class of traders and craftsmen have Middle Eastern countries shown any sign of relaxing authoritarian rule and granting a modicum of broad democratic participation in the political decision-making process. Concentration of land and other assets is more pronounced in the Middle East than in other polities with Islamic majorities in Asia.

Bromley's treatment of Middle Eastern countries can be supplemented with Henry and Springborg's (2001: esp. 24–27; 83–95) analysis of Middle Eastern business communities and capitalist legacies, as well as John Hall's (1986) explanation of Middle Eastern regimes, inspired by Ernest Gellner's work on the significance of lasting tribal rule on political regime formation in twentieth-century Middle Eastern countries. Where political authority was based on tribal governance until well into the twentieth century, it impeded a separation of economic and political governance as well as the development of formal, procedural rule of law. Polities remained personalistic, shallow and »cyclical«. As a consequence, they have encountered difficulties in developing capitalist market economies, together with a corresponding legal framework.⁴

The Challengers: Actors and Aspirations in the Islamist Struggle

According to Goldstone (1991a and 1991b), revolutions are preceded by social and economic deprivations that lead to internal divisions and struggles among elements of the authoritarian ruling elite. But political-economic grievances and crises lead to revolutions only where new ideas inspire the construction of novel institutions. Interests alone face too much uncertainty about the consequences of untried institutions for them to be able to guide political visions without an ideological vision. Let us take up the instrumental-rational and the ideational parts of Goldstone's argument and apply them to the current Middle Eastern situation.

4. This hypothesis is developed and discussed in more detail in Kitschelt 2003.

Instrumental Interests

In an environment of economic decline triggered by import-substituting industrialization, anti-globalization, and predatory governance, who has an interest in attacking the status quo? Kepele (2002) identifies three groups that attack existing Middle Eastern regimes and analyzes the conditions under which they coalesce or divide.

The first constituency for change is the increasingly desperate urban mass of unemployed youths. Because of the inability of ISI economics to generate new productive jobs, they are socially marginalized in the »informal sector«. They are the most numerous socio-economic constituency receptive to radical appeals to challenge the status quo. But they have few material and cognitive resources or organizational skills to advance an insurrection.

The second group is the young intelligentsia, trained at Middle Eastern and often Western universities. They provide the intellectual ferment of oppositional movements. Like the offspring of the French ruling classes in the eighteenth century described by Goldstone (1991a), they cannot find promising positions in the stagnating economic and administrative environment of contemporary Middle Eastern politics. Nothing is worse for an incumbent regime than to face young, un- or underemployed intellectuals because they have the cognitive and organizational capabilities to challenge the status quo, provided they can agree on a political objective.

The third group is the older, market- and trade-oriented independent middle class of private sector traders and artisans, a group referred to as »Bazaaris« in Iran. Often religiously devout and conservative, they are also struggling with deteriorating economic conditions. They face gradual decay in the stagnant ISI regimes. At the same time, were economic policy to shift towards global competition, their prospects would be no brighter. Because they have little human or financial capital, market-liberalizing reforms exposing them to foreign competitors would be likely to make them economic victims of »progress«.

On the other hand, the most important regime constituency is the mass of salaried urban dwellers employed in the economically protected state sector. This includes state-owned and state-regulated industries just as much as branches of the state bureaucracy and their semi-public appendices. Altogether, these sheltered employment groups may account for anywhere between one-quarter and one-half of all jobs in the official

economy. They are supplemented by rent-seeking private entrepreneurs who benefit from affiliation with the incumbent regimes through clientistic bonds.

Table 1 offers a simple division of groups along political and economic lines. Politically, there are those who expect to benefit from the downfall of the incumbent regimes («political winners») and those who oppose regime change («political losers»). Economically, there are those who may feel threatened by economic reforms that end ISI economics in favor of the «Washington consensus» of trade and price liberalization, together with privatization, banking sector reform, and hard financial budget constraints, as well as those who may expect to benefit. The critical hypothesis embodied by Table 1 is that those who work in favor of the downfall of the existing ISI predatory political regimes in the Middle East do not stand to benefit from any single economic policy alternative. In fact, some of the urban poor, as well as the young intelligentsia, may very well be winners as a result of market liberalization, while the old petty bourgeoisie will definitely lose out. Most supporters of the existing ISI regimes stand to lose from economic reform, with the exception of a few industrialists and state technocrats.

Table 1:
Winners and Losers from Economic Liberalization
and Political Regime Change

		ECONOMIC LIBERALIZATION	
		WINNERS	LOSERS
POLITICAL REGIME CHANGE	WINNERS	<ul style="list-style-type: none"> ▶ segment of young urban intelligentsia ▶ minority of existing private industrialists ▶ segment of the marginalized urban young 	<ul style="list-style-type: none"> ▶ segment of young urban intelligentsia ▶ segment of the marginalized urban young ▶ petty traders and craftsmen
	LOSERS	<ul style="list-style-type: none"> ▶ majority of existing private industrialists ▶ some managerial technocrats 	<ul style="list-style-type: none"> ▶ salaried bureaucrats ▶ workers and employees in state-owned and state-regulated enterprises

Thus, it is easier to unite the supporters of the political status quo around a clear economic policy – namely the maintenance of the ISI regime with minimal concessions – than to coalesce the opposition around a new economic policy, whether it is economic liberalization or some other »third way« between socialism (and ISI) on one side, and market liberalism on the other. What unites the opposition is a rejection of the incumbent regime. As soon as they have done away with the incumbents, the internal programmatic disunity of the insurrectional coalition may come to the fore.

This instrumental analysis, however, excludes the ideational dimension. The struggle against the incumbent regime may be inspired by an ideational vision of an alternative society that papers over the potential disunity among challenging groups. Once incumbents have been defeated, this ideology may preserve the winning coalition for some time, before the realities of economic conflicts of interest within the winning coalition discredit the ideology and ultimately lead to the coalition's break-up.

The Ideational Component: Modernization and Political Ideology

In order to build a political coalition of social forces, movement entrepreneurs must have an exciting programmatic vision that provides (i) a convincing analysis of a polity's current predicament and (ii) the prospect of a plausible remedial strategy of institutional innovation that can do away with the current deprivation and advance the well-being of members participating in the revolutionary coalition.

In the construction of radical Islamism to create a society based on Shari'ah and strict observance of the moral code laid down by the Koran, two mechanisms play a critical role. The first derives from modernization theory and has more recently been applied to the Iranian revolution, but also generalized in a comparative-historical account by Said Arjomand (1986; 1988). Economic development and structural change trigger a *preference change* that under specific conditions may lead to a yearning for a communitarian social order. The second mechanism reconstructs a choice among ideological templates as based on an *instrumental elimination* of alternatives that obviously »have not worked«. Both development-induced preference change and instrumental sorting of alternative programs taken together account for the temporary attractiveness of an Islamic communitarian ideology that opposes the differentiation of life spheres into separate sub-systems.

The developmentalist account begins with the observation that the transition from traditional small group-based pre-industrial societies to encompassing modern capitalist market organization and mass politics involves a radical change in the way individuals relate to the social order. Whereas beforehand they complied with group norms that regulated their lives in detail, they are now released from normative guidance and are expected to make individual choices in a variety of social realms. The individualization of society releases innovative capacities and enhances the efficient allocation of resources through voluntary trade, but also creates subjective normative anxieties and new economic vulnerabilities, particularly among those not well endowed in terms of cognitive capacities or assets enabling them to cope with the risks of a market society. These anxieties will be particularly virulent until the new social order develops policies to prepare individuals for their freedom or to provide protection from the risks of individualization. In advanced capitalist democracies with good governance, investments in human capital (education, health care) and social insurance systems provide institutional support for individualism. Predatory regimes with weak economies do not provide such assistance and as a result market liberalization is less palatable for many citizens.

By elimination, fundamentalist Islam remains the one interpretative frame that has not been discredited by the experience of Middle Eastern countries over the past fifty to one hundred years.

Faced with the exposure to individualized risk, actors with few assets and capabilities enabling them to cope with market society are likely to develop a yearning for a different social order that at least partly reconstitutes the security of a communitarian collectivist pre-industrial order. As Organski (1968) claimed of fascism, it is particularly societies »in transit« between, on the one hand, community-based, small-scale social organization and, on the other, societies configured around large-scale markets, bureaucracies, and associations, which generate communitarian backlash movements of various kinds. For Arjomand (1986; 1988), Islamic fundamentalism is but the latest incarnation of this yearning for the restoration of a community with normatively patterned, personalized face-to-face relations.

However, the developmentalist account of ideological preference formation can furnish an explanation only of the broad class of communi-

tarian beliefs to which Islamic fundamentalism belongs, not of the specificity of fundamentalist Islam or its functional equivalents, whether fascist, communist, or anarcho-syndicalist. What accounts for the specific choice of fundamentalist Islam in the late twentieth century Middle East as the ideology that inspires challengers of incumbent rulers is a cognitive mechanism to eliminate ideological candidates based on recent negative experiences. In the eyes of potential insurrectionists, Western liberalism is not suitable for organizing an interpretative frame for their desire to topple the current rulers because (i) it endorses individualism and thus does not serve the communitarian yearning and (ii) Middle Eastern collective memories associate liberalism with former colonial rule and the decline of Middle Eastern countries relative to Western Europe. In a similar vein, by the 1980s and 1990s Marxian socialism or nationalist socialisms of varying kinds had become implausible ideological templates because they had been falsified by historical experiences in the Middle East and elsewhere. Many existing Middle Eastern ISI regimes resulted from military insurrections against traditional monarchies and were inspired by national socialist, secular, and anti-liberal beliefs about the virtues of planned economies and national (or regional) paths to egalitarian socialist societies. The failure of the ISI trajectory has made this interpretative frame implausible and unattractive. By elimination, fundamentalist Islam remains the one interpretative frame that has not been discredited by the experience of Middle Eastern countries over the past fifty to one hundred years.

Thus, from a sociological point of view, actors adopt particular religious doctrines on a situational basis and interpret them in light of the predicament of modernization, combined with their historically contingent trajectory of ideologies and experiences in the run-up to the current situation. It is therefore useless to try to determine whether the »true« and unadulterated doctrines of Islam make possible or preclude this or that political and economic organization (democracy, rule of law, equality of the sexes, tolerance of non-believers, and so on).⁵ Whether or not par-

5. As Gellner (1981: 7) argued in many instances, from a Weberian perspective Islamic doctrine could be viewed as the most modern of the major world religions: »[B]y various obvious criteria – universalism, scripturalism, spiritual egalitarianism, the extension of full participation in the sacred community not to one, or some, but to *all*, and the rational systematization of social life – Islam is, of the three great West-ern monotheisms, the one closest to modernity.«

ticular religious doctrines have an »essence« is irrelevant for the sociological enterprise of explaining the rise or demise of particular belief systems. What counts here is the pragmatics of communication: How available is an interpretative frame to potential challengers of a regime and how well does it resonate with people who have a definite interest in changing the status quo, given the historical development of political regimes and their modes of legitimation in the memory of the actors?

Strategic Interaction between Regime Incumbents and Challengers

Grievances and interpretative frames cannot, by themselves, account for the concrete strategic options and choices made by both incumbents and challengers when they engage in battle. In order to explain such choices we must focus on the strategic configuration of resources and capabilities at the disposal of the adversarial camps and account for their strategies of interaction in that light. Terrorism, and more specifically international terrorism, is but one specific strategic avenue which challengers may choose to advance their cause.

When faced with a challenger, regime incumbents have three options, which they may employ individually or in combination: (i) cooptation; (ii) repression; and (iii) negotiation and concessions, possibly leading to democratization. The choice of strategy depends on the regime's resources and the asymmetry of asset control and power concentration it has created. Regime access to ample resources, indicated by very high oil revenues per capita, favors strategies of cooptation, combined with repression. Access to moderate resources, signaled by lower oil revenue per capita ratios, may make cooptation too costly and compel incumbent regimes to resort to repression. Incumbent regimes with very limited access to resources facing challengers with considerable power assets may not be able to mobilize sufficient resources to repress a challenger and so will be more inclined to compromise.

Potential opponents can overcome collective action problems only if resources are sufficiently diffused in society to create a critical mass of potential followers who are not only united by grievances against the existing regime, but also control resources that can be employed in their struggle. This places the commercial middle class of traders and craftspeople, as well as university trained young intellectuals, in a decisive position.

Only where these groups are sufficiently numerous and resourceful can opponents successfully address collective action problems and trigger the mobilization of the marginalized urban masses. Furthermore, only where regime incumbents find themselves unable to repress or coopt potential challengers can political entrepreneurs hope to mobilize broad-based domestic mass movements. Most conflictual and open are interactive situations in which incumbents control moderate resources – that is, the relatively low oil revenue per capita flows common to populous oil producing countries – and thus have a propensity to repress, while the agrarian and commercial middle classes are relatively dispersed and resourceful, thus giving them the capability of mobilizing. Let us now look at the eight strategic constellations of regime incumbents and opponents depicted in Table 2 and work through the logic of strategic interaction in each of its cells.

Small non-populous oil producers have a relatively easy time maintaining authoritarian regimes without facing much civil strife because they have all the resources necessary to coopt critical segments of the population, who in any case do not have much independent access to valuable resources (upper left cell). For this reason, most of them have remained monarchies, while other power configurations have led to the removal of kings. However, countries may not remain in this happy state forever. As a professional middle class grows and gains resources and capacities to mobilize (moving the polity into the right column of diffused resources and capabilities), oil monarchies may feel the heat of the opposition and respond with political liberalization (upper right cell). Alternatively, as erstwhile thinly populated, resourceful oil monarchies become more populous, they may find that resource scarcity limits their ability to employ strategies of cooptation. This is the predicament in which Saudi Arabia has found itself since the 1990s and may make reliance on repression relative to cooptation increasingly unavoidable.

Where political regimes control moderate resource flows, as is the case in populous oil-based economies, the struggle for scarce resources led to the displacement of monarchs or colonial powers in the 1950s and 1960s. As the cases of Egypt, Iraq and Syria illustrate, junior officers replaced monarchs with single-party dictatorships espousing a secular, national, socialist ideology and vigorously embarking on ISI economic strategies (second row left cell). These regimes repressed both radical Marxian challengers emerging from the universities, as well as Islamist challenges of various stripes. Where resources have been highly concentrated, the small

Table 2:

Strategic Interaction between Regime Incumbents and Challengers

		DIFFUSION OF RESOURCES AND CAPABILITIES IN SOCIETY	
		HIGH CONCENTRATION	WIDE DIFFUSION
RESOURCES CONTROLLED BY INCUMBENT REGIMES	VERY GREAT RESOURCES (high oil revenue/capita ratios, non-populous oil producers)	dominant elite strategy: <i>cooptation</i> ; best challenger response: <i>acceptance</i> ; (small oil-based monarchies: Bahrain, Brunei, Kuwait, Oman, Qatar, United Arab Emirates, <i>formerly also Saudi Arabia</i>)	dominant elite strategy: <i>cooptation and concessions</i> ; best challenger response: <i>acceptance</i> ; (no empirical case, likely to evolve from oil-based monarchies)
	MODERATE RESOURCES (low oil revenue/capita ratios, populous oil producers)	dominant elite strategy: <i>repression</i> ; best challenger response: <i>acquiescence, limiting opposition to small-group terrorism</i> ; (populous oil-based single-party dictatorships: Algeria, Iraq, Libya) <i>(increasingly: populous oil-based monarchy: Saudi Arabia)</i>	dominant elite strategy: <i>repression, intermittent concessions</i> ; best challenger response: <i>mobilization, testing limits of patience</i> ; (populous oil-based dictatorship: Iran)
	SCARCE RESOURCES (small oil producers, oil non-producers, reliance on remittances)	dominant elite strategy: <i>repression with sporadic concessions</i> ; best challenger response: <i>acquiescence with intermittent mobilization; terrorism</i> ; (populous non-oil single-party dictatorships: Egypt, Syria, Tunisia, some Central Asian countries in the future)	dominant elite strategy: <i>mixed strategy of concessions and intermittent repression</i> ; best challenger response: <i>mobilization</i> ; (populous non-oil monarchies, single-party or military dictatorships: Indonesia; Jordan, Morocco?)

Table 2:
Continued

		DIFFUSION OF RESOURCES AND CAPABILITIES IN SOCIETY	
		HIGH CONCENTRATION	WIDE DIFFUSION
	EXTREMELY SCARCE RESOURCES (oil non-producers, few remittances)	dominant elite strategy: <i>concessions, case-by-case repression</i> ; best challenger response: <i>mass mobilization</i> ; (populous oil non-producers with single party dictatorships: Pakistan, some Central Asian countries)	dominant elite strategy: <i>concessions, democratic transition</i> ; best challenger strategy: <i>cooperation</i> ; (populous oil non-producers with semi-authoritarian regimes and intermittent democracy: Bangladesh, Malaysia, Turkey)

opposition groups of intellectuals and their offspring based in universities could be isolated by the heavy hand of the security establishment. It is an environment in which insurrectionist intellectuals are likely to resort to terrorist strategies. If the regime succeeds in then liquidating many insurrectionists, the survivors may go abroad and reconstitute their terrorist struggle in the international arena. From anarchists and communists in late-nineteenth-century Russia to the present, acts of terrorism signal the presence of weak, divided, and isolated opposition groups unable to appeal to broad domestic social strata.

Iran constitutes an interesting and unique configuration within the Middle East (second row right cell). Here an oil-based dictatorship, beneath a monarchical veneer, was ruled with the assistance of quasi-colonial external and domestic military support. Its resources permitted it to choose a mixed strategy of severe repression and selective cooptation. However, it faced a civil society with a fairly wide diffusion of resources, particularly a domestic middle class of traders, artisans, and farmers that was difficult to hold in check because it had resources and capabilities with which to mobilize, mediated by the organizational structure of the Shi'ite clergy. This configuration yielded an explosive mixture of repression by the authorities combined with intermittent, but often sustained popular radical mobilization. The challengers could finally assemble a

broad coalition of peripheral urban masses, young intellectuals, and older petty bourgeois economic groups under the leadership of the Shi'ite clergy in the late 1970s and topple the Shah's regime. As soon as this new regime had consolidated and fended off external challengers, however, the internal economic divisions of its support coalition came to the fore. The Shi'ite clergy essentially built a new ISI-inspired protectionist political economy that delivered neither growth nor jobs for the young educated or peripheral labor market entrants. It only satisfied the rent-seeking desires of the traditional petty bourgeoisie that was coopted into the regime by its protectionist practices.

Where regime incumbents operate under conditions of considerable resource scarcity, yet face a civil society with weak organizational capabilities, repression, combined with intermittent concessions and efforts to disorganize the incipient opposition, may well be the best survival strategy for incumbent authoritarian regimes (third row left cell). Such regimes tend to originate in military coups that displaced ineffectual monarchs who lacked the resources or the partners in civil society to build more pluralistic regimes. This situation prevails in Egypt, Syria, to some extent in Tunisia and increasingly in Central Asian countries some of which may yet rise into the tier of oil-rich, but populous dictatorships. Also under these conditions, the prospects for a broad-based Islamist oppositional movement are quite poor. The insurrectional leadership base is narrow and opportunities to forge broad societal coalitions are few. Again, insurrectional nodes of the young urban intelligentsia may choose radical terrorist strategies under these circumstances and face physical liquidation if they do not emigrate to a foreign country.

Only in the Arab Middle East, North Africa, and possibly Central Asia have political-economic conditions and legacies led to specific configurations of ruler and challenger asset control that favor the combination of repressive regimes with terrorist insurgent activities.

Where authoritarian incumbents are operating under conditions of resource scarcity, but economic resources and capabilities are diffused widely across an independent middle stratum operating in the market economy, the chances are considerably brighter that incumbent regimes may make concessions or that domestic challengers may force a political opening although the ruling groups will resist full democratization also

here (third row right cell). Domestic political opportunity structures here induce political entrepreneurs on the challenger side to assemble broad coalitions and to participate in a political process of negotiation with the regime incumbents rather than opt out and choose terrorist strategies. The stop-and-go liberalization and de-liberalization in Jordan and Morocco illustrates such developments. Even the multifaceted domestic struggle of the Palestinians for liberation from Israeli governance may fit this configuration.

Political incumbents facing extreme resource scarcity, finally, have the option primarily of strategies of appeasement and concession vis-à-vis opposition forces, punctuated by brief and ineffectual campaigns of repression (bottom row left cell). Broad diffusion of economic resources and associational capabilities in the population exerts further pressure on incumbent elites to make concessions and launch the democratic process (bottom row right cell). It is not by chance that very populous oil non-producers operating in an environment of extreme resource scarcity and energetic civic oppositional mobilization have displayed the greatest propensity to grant democratic competition, although with constraints and intermittent authoritarian backlashes. It is also constellations of this kind that facilitate the cooptation of fundamentalist Islamist movements. One example of cooptation is the Muslim Youth Movement of Malaysia whose leader, Anwar Ibrahim, joined Mahathir Mohamad's ruling party and rose to the position of finance minister, deputy prime minister, and even heir-apparent, until an internal power struggle landed him in jail. The other prime example is the Turkish Islamist party that has contested elections under ever new names in the wake of successive prohibitions under pressure from the secular Turkish military. In its current incarnation the party for the first time holds a majority in the Turkish parliament and constitutes the government after moderating its appeal and turning into what may be the Muslim equivalent of West European Christian Democrats.

A survey of the eight configurations of the assets and capabilities of regime incumbents and their potential challengers reveals that the interaction of repressive governments with domestic or international terrorist and insurrectional militants does not constitute the only, or even the dominant, strategic configuration in struggles over political-regime form in the Islamic world. Only in the Arab Middle East, North Africa, and possibly Central Asia have political-economic conditions and legacies led to specific configurations of ruler and challenger asset control that favor

the combination of repressive regimes with terrorist insurgent activities. The Islamic countries in which this configuration prevails account for a relatively small fraction of the Islamic world population.

From Domestic to International Terrorism

Strategies of terrorism result from the isolation and powerlessness of regime opponents, precipitated by political relations in which (i) the incumbents have access to more than minimal and often quite ample economic means that are not extracted from the population, but derive from natural resource rents, and (ii) the potential challengers have few financial and organizational resources and capabilities with which to mobilize a broad social coalition. However, further arguments are needed to explain how terrorist strategies move from domestic insurrection to international terrorism targeting external Western allies of the Middle Eastern regimes which the insurrectionists wish to see collapse. By targeting civilians in advanced capitalist democracies, and above all the United States, terrorists intend to get back at repressive Middle Eastern regimes which are propped up by Western powers and are probably not viable without their continuing support. The prime examples that come to mind are Egypt and Saudi Arabia. It is not by accident that many international terrorists assembled in Al Qaeda originate from these countries, but not from Bangladesh, Indonesia, Iran, Turkey, or even Pakistan.

At least two conditions have facilitated the transfer into the international arena of struggles against nationalist-socialist predatory regimes in the Middle East and the Saudi monarchy. First, as a consequence of the oil shocks, the Saudi Arabian monarchy employed its initially boundless resources domestically and internationally in a drive to promote its domestic version of fundamentalist Islam in order to bolster the legitimacy of its regime and advance its standing in the Islamic world. Fuelled by petro-dollars, Saudi religious charities strongly associated with state-sponsored Saudi religious conservatism, Wahhabism, began to export its fundamentalist reading of Islam to the rest of the Middle East. Not only Saudi proselytism, but also the flow of migrant labor into and out of the Arab peninsula's major oil producer supported a fundamentalist Wahhabi reading of the Koran. Many professionals from all over the Middle East who worked for a period in Saudi Arabia returned home affluent, but also deeply influenced by the Wahhabi milieu. With the Iranian revolution of

1979 and the second oil shock, Saudi Arabia intensified its petro dollar-driven bid for ideological supremacy in the Islamic world. Later in the 1980s, Saudi Arabia and other oil sheikhdoms, together with the United States, financed the Islamic uprising against Soviet hegemony in Afghanistan. This effort ultimately resulted in the rule of the Taliban in Afghanistan and the development of safe havens for Al Qaeda terrorist training camps in that country.

Whatever religious legitimation adheres to the attacks made on Western citizens and institutions, such actions are the collateral damage resulting from a new strategy of Islamic insurrectionists to fight predatory Middle Eastern regimes.

Saudi foreign policy has followed contradictory imperatives. On the one hand, its external system of military and economic alliances has relied on support from the United States, particularly in the wake of Iraq's invasion of Kuwait and the Gulf War of 1991. On the other hand, for reasons of domestic legitimation and international regional leadership, the Saudi monarchy has promoted an anti-Western fundamentalist reading of Islam that has helped form many of the terrorist cadres who turned against Saudi Arabia and the West in the 1990s. Religious fundamentalists displaced from other nationalist-socialist repressive dictatorships in the Middle East supplemented these cadres in their struggle against incumbent Middle Eastern regimes and the West.

The second aspect of the international opportunity structure that facilitated the shift of the struggle against Middle Eastern regimes into the international arena has to do with the civil liberties and political freedoms enjoyed by residents of the Western hemisphere. The civil rights granted to non-citizens by Western democracies have made them suitable platforms for displaced challengers from the Middle East to plot terrorist activities in their home region and beyond. Western European bases of operation have been particularly convenient because of the presence of sizeable Muslim minorities and contact networks, permitting potential terrorists to swim »like fish in the water« almost undetected.

The displacement of fundamentalist Islamist terrorist activity into the international arena is thus the result of domestic power configurations as well as external political opportunities. Whatever religious legitimation adheres to the attacks made on Western citizens and institutions, such ac-

tions are the collateral damage resulting from a new strategy of Islamic insurrectionists to fight predatory Middle Eastern regimes. The liquidation of domestic opposition in countries such as Egypt or Saudi Arabia left many radicals with no choice but to move to the international arena. At the same time, Middle Eastern regimes have funded international activities in Afghanistan and elsewhere, contributing to the growth of Islamist fundamentalism abroad.

The Course and Consequences of Terrorist Mobilization

It is technically difficult to contain terrorism unleashed by Islamist insurgents who target Western citizens and institutions. However, as Kepel (2002) and Feldman (2003) suggest, the very fact that such terrorism has become a major channel for articulating radical Islamist demands is a definitive sign that fundamentalist Islam in the Middle East is in decline.

The high water mark of Islamist fundamentalism occurred in the late 1980s and early 1990s with the fall of the Soviet regime in Afghanistan, the advent of fundamentalist Islamic government in Sudan, and the moral loss of reputation of Saudi Arabia when it began to host Western troops in the aftermath of Iraq's occupation of Kuwait. Since then, fundamentalist Islamists have suffered a number of defeats that have driven them further and further into isolation, but which have made them more likely to embrace international terrorism as the principal means of drawing world attention to Middle Eastern political and economic deprivation.

The first and possibly most important and lasting setback for Islamic fundamentalism is the failure of the Iranian Shi'ite clergy to develop a successful Islamic road to economic development. The regime has delivered a warmed-over version of ISI economic policy with all the familiar detrimental consequences for domestic investment, savings, and productivity growth. As a consequence, it has generated a huge discrepancy between the mass of job seekers and the small number of available positions in a labor market driven by the entry of very strong demographic cohorts. The Shi'ite clergy has delivered the benefits of protectionism to the old petty bourgeoisie of devout merchants and craftspeople and an initial windfall of political-administrative jobs for members of the revolutionary generation of 1979 who survived the war with Iraq. In the 1990s and beyond, the regime has produced economic drift and stagnation that de-

prives both the marginal urban poor and the young intelligentsia of economic opportunities. The Shi'ite clerical regime thus sets the stage for a new revolution with a secular, pro-Western thrust. Whether and when this revolution takes place depends on the determination and unity of the ruling clergy to employ force against insurrectionist stirrings.

In future, Islamist fundamentalists may score an occasional victory over a Middle Eastern political regime here or there, but its grand vision is a spent force and unlikely to win whole blocs of countries over to the Islamist cause.

The second disaster for Islamist fundamentalism came about as a result of the military victories of the fundamentalist movements in Sudan and Afghanistan. Instead of demonstrating the ability of religious fundamentalists to create a modicum of social order and stability, initial successes precipitated fierce internecine struggles that discredited the Islamists' promises to bring about a new vision of social development. As Kepel (2002: 361) paraphrases the interpretation of a Sudanese Islamic writer living in London, 'Abdel Wahhab al-Effendi, »Afghanistan was the [Islamic renewal] movement's greatest triumph of modern times before it turned into its supreme catastrophe«. According to al-Effendi, the fact that Islamists were solely responsible for these disasters, without being able to blame foreign interference, delegitimized the movement's efforts much more than the defeats of fundamentalism by military repression in Egypt and Algeria.

The third nail in the coffin of fundamentalist Islam was the bloody civil war in Algeria. Whereas in 1988 the fundamentalist Islamists initially could claim to be the standard bearers not only of moral renewal, but also of democracy fighting a corrupt and predatory military one-party regime, their later terrorist actions against the Algerian civilian population completely discredited them and alienated the conservative pious Islamic urban middle class who turned to supporting the incumbent regime.

The broader lesson of the events in Iran, Sudan, Afghanistan, and Algeria is that the economic interests of the potential constituencies for Islamist fundamentalism are too disparate and contradictory to create lasting alliances that could translate into stable and economically viable political regimes. Furthermore, considerable segments of the most aggrieved and alienated societal sectors – such as the young marginalized

urban poor and the underemployed technical intelligentsia – could benefit from policies of market liberalization that directly fly in the face of a fundamentalist Islamist vision of society.

Altogether, where fundamentalist Islamists have gained power, they have been unable to organize a political-economic strategy of development that would remedy the economic grievances that prompted mobilization. Because of this policy failure, Islamist regimes cannot maintain the political coalition of social forces that achieved the collapse of the preceding predatory political regimes. Thus, in future, Islamist fundamentalists may score an occasional victory over a Middle Eastern political regime here or there, for example in an oil-rich, but populous and economically declining country with a predatory government, but its grand vision is a spent force and unlikely to win whole blocs of countries over to the Islamist cause.

Cross-Regional Comparison: Is International Terrorism an Islamic Phenomenon?

Terrorism as a strategy with which to articulate dissatisfaction with an incumbent regime in fact signals the failure of challengers to rally broad popular support around alternatives to the political status quo. The prevalence of Islam in a polity is neither a sufficient nor a necessary condition of the willingness of a revolutionary cadre to engage in terrorist violence against the West. However, at present I do not see an alternative ideology waiting in the wings that has terrorist potential equivalent to or exceeding that of fundamentalist Islam. The current lack of ideational alternatives to Islam, however, does not rule out future revolutionary cadres inventing new ideologies to guide their struggles, just as the leaders of the Taiping Rebellion did in mid-nineteenth century China. There are a number of functional features which a viable ideational doctrine must invoke to mobilize opposition to predatory authoritarian governance. Above all, such doctrines must promise a new communitarian unity to combat economic and political individualism and its correlates, alienation and anomie.

We also know that outside the Middle East there are regions of the world structurally conducive to revolutionary insurrections whose failure may fuel international terrorism. The Central Asian fission products of the former Soviet Union, from Azerbaijan and Chechnya (when it was

semi-independent) via Kazakhstan and Kyrgyzstan to Tajikistan, Turkmenistan, and Uzbekistan certainly have developed (or preserved and refurbished?) predatory authoritarian regimes over the past decade. They involve configurations of actors that may lead challengers to opt for international terrorism. So far, these terrorist aspirations have been framed in Islamist terms (cf. Rashid 2002). The other world region with severely predatory governance, isolation from the world economy, and ongoing relative and even absolute economic decline is Sub-Saharan Africa (Van de Walle 2001). In a significant subset of countries in this region, fundamentalist Islam would currently be an attractive interpretative frame within which to fight existing grievances; in many others it would not. It is unclear, however, what other ideational visions could guide insurrectional activities and ultimately terrorism, where fundamentalist Islam is not a viable option.⁶

Thus, while ideology is indispensable for the guidance of struggles for political power and control, it would be wrong to characterize any particular world religious civilization as more or less prone to a particular kind of democratic or authoritarian rule. The association of Islam with authoritarian and predatory rule in the Middle East – and nowhere else to the same degree and intensity – is the result of economic conditions and institutional legacies unique to this region, but not derivative from Islam in general. Both regime incumbents and challengers in this region employ religious arguments to frame their own claims and persuade individuals and groups to join their struggle. However, it is conceivable that insurrectional actors invoke non-Islamic religious or secular ideological justifications of their struggles in other world regions where predatory rule causes severe social grievances and challengers find political opportunities to attack regime incumbents.

6. Of course, in a number of countries more narrowly defined ethnocultural concerns have inspired civil wars and domestic acts of terrorism. One might recall Sri Lanka or Peru, to name only two conflicts prominently featured in international news media. To become more than local struggles, however, they would have to connect to a broad, generalized, universalistic ideology. In Latin America, at least, this link usually still goes to latter-day variants of dependency theory, such as among the intellectuals guiding the *Indio* movement in Chiapas/Mexico or in the Peruvian highlands.

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