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On 3 February 1997, a delegation of the Taliban government of Afghanistan visited Washington, D.C. Ten days earlier Taliban forces had won control of the countryside around Kabul, and with the south and east of the country already in their hands they were now making preparations to conquer the north. In Washington the Taliban delegation met with State Department officials and discussed the plans of the California oil company Unocal to build a pipeline from Central Asia through Afghanistan. A senior U.S. diplomat explained his government's thinking: "The Taliban will probably develop like the Saudis did. There will be Aramco, pipelines, an emir, no parliament and lots of Sharia law. We can live with that."¹

U.S. support for the Taliban, who received arms and financial assistance from Pakistan and Saudi Arabia with the agreement of the United States, ended within a year. But the diplomat's reference to Aramco—the American oil company that had financed, sixty years earlier, the creation of Saudi Arabia—was a reminder that the United States was accustomed to working with emirs whose power depended upon strict interpretations of Islamic law. By the end of 1997, Washington was describing the Taliban government as "despicable," but this negative view was not typical of U.S. relations with governments that claimed to rule in the name of a puritanical Islam. In fact, the normal relationship was quite different.

As a rule, the most secular regimes in the Middle East have been those most independent of the United States. The more closely a government is allied with Washington, the more Islamic its politics. Egypt under Nasser, republican Iraq, the Palestine national movement, postindependence Algeria, the Republic of South Yemen, and Ba'thist Syria all charted courses independent of the United States. None of them declared themselves an Islamic state, and many of them repressed local Islamic movements. In contrast, those governments dependent on the United States typically claimed an Islamic authority, whether ruled by a monarch who claimed descent from the Prophet, as in Jordan, North Yemen, and Morocco, or asserting a special role as protector of the faith, as in the case of Saudi Arabia. When other governments moved closer to the United States—Egypt under Anwar Sadat in the 1970s, Pakistan under Zia ul-Haq in the 1980s—their political rhetoric and modes of legitimation became avowedly more Islamic.

Iran might seem an exception to this pattern. Under the pro-American government of the shah it was a secular state; after the 1979 revolution it became an Islamic republic, opposed to America's ambitions. In fact, however, the shah mobilized conservative religious forces in his support, drawing on a CIA-funded clerical leadership to help overthrow a nationalist government in 1953 and losing power only when the leading clerics in the country turned against him. And many scholars of Iran would argue that the Islamic Republic, the Middle Eastern country most independent of the United States, is one in which appeals to religion are increasingly unable to legitimate the exercise of power. Especially among its youth, the Islamic Republic has created one of the most secular societies in the region.

This pattern, once it has been noticed, lends itself to a straightforward, but unsatisfactory, explanation. The United States depends on the support of conservative political regimes, it is often pointed out, and these have tended to rely on religion to justify their power. In contrast, many of the populist or nationalist regimes carried out postindependence programs of land reform, the advancement of women's rights, industrialization, and the provision of free education and health care, and achieved whatever legitimacy they gained through these popular social reforms rather than the authority of religion.

This explanation is unsatisfactory because the conservative political morality offered by certain forms of Islam is not some enduring feature of the religion that rulers adopt at their own convenience. Its usefulness reflects the fact that religious conservatism expresses the views of powerful social and political movements. Political regimes enter into uneasy alliances with these movements, depending on a force they do not directly control. The dominant school of Islam in Saudi Arabia, for example, represents an intellectual tradition founded in the mid-eighteenth century and reborn as a political movement at the start of the twentieth. It has its own legal scholars, teachers, political spokesmen, and militants. Wahhabism, as outsiders call it, after its eighteenth-century founder, or the doctrine of *tawhid* (unitarianism, or the oneness of God), as its adherents (the *muwaha-hidun*) prefer to call it, developed in the era of British colonial expansion and aimed to transform and remoralize the community. The Deobandi school in India, Pakistan, and Afghanistan, in which the Taliban movement had its roots, was another influential social and intellectual force of the colonial period. In Egypt, the intellectual reform movement known as Salafism inspired the Muslim Brotherhood, founded in 1928, which became the country's largest popular force opposing the British military occupation and the corruption of the ruling class.

Governments drew on the support of these movements at different

times and with differing success. When Unocal and U.S. government officials decided that, along with the government in Pakistan, they could “live with” the Taliban, they were proposing to cement an alliance with a movement whose powers of moral authority, social discipline, and political violence represented forces that were to be engaged and put to work—to enable the building of a one-thousand-mile pipeline. In Egypt, from the 1970s onward, the state (and indirectly, the U.S. government) relied on a tacit alliance with the Muslim Brotherhood to help suppress both secular progressive and militant Islamic opposition. In Arabia, the *muwahhidun* were not just the ideologues of Saudi rule but a social force that made possible the building of the Saudi state, and hence the operations of the American oil industry. In every case this alliance between ruling powers and Islamic movements was the source of considerable tension.

It follows that such religious movements have played a small but pivotal part in the global political economy. If conservative religious reform movements such as the *muwahhidun* in Saudi Arabia or the Muslim Brotherhood in Egypt have been essential to maintaining the power and authority of those states and if, as we are often told, the stability of the governments of Egypt and Saudi Arabia, perhaps more than that of any other governments in the global south, are vital to the protection of U.S. strategic and economic interests, in particular the control of oil, it would seem to follow that political Islam plays an unacknowledged role in the making of global capitalism.

It has become increasingly popular today to say that we live in an era of what Benjamin Barber calls “Jihad vs. McWorld.” The globalizing powers of capitalism (“McWorld”) are confronted with or resisted by the forces that Barber labels “Jihad”—the variety of tribal particularisms and “narrowly conceived faiths” opposed to the homogenizing force of capital.² Even those with a critical view of the growth of American empire and the expansion of what is erroneously called the global market usually subscribe to this interpretation. In fact, it is the critics who often argue that we need a better understanding of these local forms of resistance against the “universal” force of the market.

The terms of this debate are quite misleading. We live in an age, if one wants to use these unfortunate labels, of “McJihad.” It is an age in which the mechanisms of capitalism appear to operate, in certain critical instances, only by adopting the social force and moral authority of conservative Islamic movements. It may be true that we need a better understanding of the local forces that oppose the globalization of capital. But more than this, we need a better understanding of the so-called global forces of capital.

The American government presented the war in Afghanistan that fol-

lowed the attacks of September 11, 2001, as a fight to eliminate “forces of evil,” whose violence stemmed from an irrational and antimodern hatred of the West. More skeptical accounts pointed to the role of the United States and its allies, from the mid-1970s to the early 1990s, in sustaining the Islamic forces fighting in Afghanistan, including Al Qaeda, the group led by the Saudi dissident Osama bin Laden and thought to be responsible for the September 11 attacks, and in facilitating, from 1994, the rise of the Taliban. These accounts attributed the crisis, at least in part, to the incoherence, contradictions, and shortsightedness of U.S. policy toward the region. While I agree with such criticisms, we need to see something further: the crisis in Afghanistan reflects the weaknesses of a form of empire, and of powers of capital, that can exist only by drawing on social forces that embody other energies, methods, and goals.

In 1930 Abd al-Aziz Ibn Saud, the ruler of what was to become Saudi Arabia, short of funds as the Great Depression reduced the flow of pilgrims to Mecca, a city he had conquered five years earlier, began negotiations with American oil companies to sell the rights to Arabian oil. The intermediary in these talks was an English businessman, Harry St. John Philby. Born in British-ruled Ceylon, the son of a tea planter, Philby was an administrator in Britain’s Indian Civil Service in Punjab and Kashmir. He came to Arabia as a British government agent to supply Ibn Saud with money and arms during World War I. He stayed on as a confidant of Ibn Saud, resigned from the Indian service, and set himself up in business in Jiddah, the trading port near Mecca, in 1925, the year it fell under Ibn Saud’s control. He became the local agent of Standard Oil of New York (Mobil), the Ford Motor Company, the Franklin Motor Company, and the Singer Manufacturing Company. He also converted to Islam and to the teachings of Ibn Wahhab. Although some suspected his sincerity, he endured the discomforts of circumcision as an adult, and he went out of his way to publish articles in English newspapers in London and Cairo explaining his conviction. “I believe,” he wrote,

that the present Arabian puritan movement harbingers an epoch of future political greatness based on strong moral and spiritual foundations. Also I regard the Islamic ethical system as a real democratic fraternity, and the general conduct of life, . . . resulting in a high standard of national public morality, as definitely superior to the European ethical code based on Christianity. . . . I consider an open declaration of my sympathy with Arabian religion and political ideals as the best methods of assisting the development of Arabian greatness.³

Philby’s conversion may well have been sincere. But there is a sense in which the oil companies, too, were converts to Wahhabism. By this I mean

that the American oil companies came to depend on and support unitarian Islam as the method and the means to operate in Arabia—and thus to maintain a certain form of global oil economy.

Scholars of international political economy have devoted a lot of attention to the political economy of world oil. This is not surprising. Oil is said to be the world's largest industry. It is the most important source of energy for industry and transport and provides feedstock for the chemicals and plastics industries. It has a critical significance for the conduct of large-scale war. The companies that dominate the refining and distribution of oil and much of its production include five of the world's largest transnational corporations. Much of the scholarship on world oil had to be rewritten after the 1970s because earlier work provided no way to understand the transformations of that decade, when Saudi Arabia and other producer states took control of local production in the Middle East and, in collaboration with the transnational oil companies, greatly increased the price of oil. Yet neither the earlier nor the more recent scholarship examines the role in the economics of oil played by the *muwahhidun*.

Two features are said to define the political economy of oil, but to these we need to add another two. First, as a strategic commodity with a low elasticity of demand (consumers depend on petroleum products and cannot easily switch to alternative sources of energy), it offers the possibility of enormous rents—it can be sold at one hundred times the cost of production. Second, contrary to popular belief, there is too much of it. Oil is the world's second most abundant fluid, so any producer is always at risk of being undercut by another. If all one wanted was a market in oil to supply those who need it, this would pose no problem. But the oil industry is about profits, not markets, and large profits are impossible to sustain under such competitive conditions. The potential rents—or “premiums on scarcity,” as they are called—could be realized only if mechanisms were put in place to create the scarcity.

The politics of oil is usually explained in terms of the desire of the United States to protect the global supply. But that is not the problem. The real problem—where the *muwahhidun* come in—is to protect the system of scarcity. John D. Rockefeller solved the difficulty in the 1860s, when the oil industry first developed, by building a monopoly—not of the oil wells but of refineries and then transportation, later building Standard Oil into an integrated monopoly controlling refining, transportation, marketing, and finally the wellheads themselves. In the twentieth century, when the major integrated oil companies began to produce large quantities of oil outside the United States, they developed a different system of scarcity: in 1929 they made a secret agreement to divide the world's oil resources among each company and to limit production to maintain prices—

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at the relatively high price at which oil was produced and sold in Texas.⁴ Prices in Texas, in turn, following the passage of the Texas Market Demand Act of 1932, were protected by production quotas set by a state body, the Texas Railroad Commission, and later by federal import quotas.⁵ The 1929 agreement, combined with the government regulation of U.S. production, prevented the emergence of a competitive market and thus assured extraordinary profits to those who controlled the cheaply produced oil of the Middle East. After World War II the oil companies were producing oil at less than 30¢ a barrel, including the cost of exploration, pumping, storage, and depreciation, and later as low as 10¢ a barrel, and were selling it to refineries at \$2 a barrel.⁶ In the 1960s the producer countries of the south began to play a more independent role, and in the following decade the organization they created, the Organization of Petroleum Exporting Countries (OPEC), took over the role of maintaining the scarcity of supply, generally in collaboration with the oil corporations and major non-OPEC producer countries.

The third feature of global oil is that in these arrangements one country, Saudi Arabia, came to play a special (but misunderstood) role. The country developed in the course of the twentieth century into one of three very large producers of oil, alongside the United States and Russia. In the 1990s these three countries each produced approximately twice as much oil as any of the other large producers (Canada, Norway, the United Kingdom, China, Venezuela, Mexico, and Iran).⁷ Saudi Arabia's importance lay not simply in its abundance of supply, however, but in its pivotal role in the system of scarcity. The argument, made with increasing frequency following the September 11 attacks, that Saudi Arabia was now of reduced importance to the United States because there were many alternative sources of oil, overlooks this point. It assumes that the United States was concerned to maintain supplies, when in fact it was more concerned to maintain scarcity. Unlike Russia and the United States, Saudi Arabia has a low domestic demand for oil and can afford to keep much of its production capacity switched off. This unused capacity (more than 3 million barrels per day in the 1990s) was close to or exceeded the *total* production of any other country except Russia and the United States.⁸ The excess gave Saudi Arabia the unique ability to operate as a “swing” producer, switching its surplus on and off to discipline other producers who tried to exceed their production quotas, thus maintaining the system of scarcity. It did so in collaboration with the United States, on whom it depended for military protection. As a result of these three factors—inelastic demand, overabundance, and the Saudi surplus—ever since the establishing of a global oil economy in the 1930s, the possibility of large oil rents anywhere in the world depended on the political control of Arabia.

The fourth characteristic of the global economy of oil is the method of creating this political control. In 1930 there was no state of “Saudi Arabia,” and no colonial power was strong enough, alone, to create one. This reflects the historical moment at which the global oil economy emerged—something the literature on the political economy of oil does not explore. It was not unusual for large corporations to avoid the risks of markets by establishing oligopolies or exclusive territories of operation. In fact, the modern, large-scale commercial corporation was invented precisely for that purpose. Its origins lie in the colonizing corporations of the seventeenth to nineteenth centuries—the East India Company, the Hudson Bay Company, the British South Africa Company, and many others—that were given exclusive rights and sovereign power to monopolize the trade in particular goods for specific territories. However, the major oil companies, which were the first and the largest of the new transnational corporations of the twentieth century, established their global presence at the historical moment when the old system of empire, built up originally through colonizing corporations, was finally disintegrating.

The period from 1930 to 1945, when the oil corporations became global, coincided with the defeat and collapse of the form of empire that had shaped world trade for more than three centuries. There were four features of this power I want to mention in order to explain the significance of Islamic movements after its collapse. First, sovereign power belonged not only to a handful of European states but also to the colonizing corporations. The collapse of this form of power began much earlier in some places (in America in the colonial revolt of 1776, for example, and in India in the uprising of 1857) than in others, such as in Africa, where European corporate power and the monopolies it created continued well into the twentieth century. Second, earlier imperial power enjoyed a great advantage in military violence (always available to, and often established by, the colonizing corporations), which could be used to defeat, and in many cases annihilate, local opposition to the colonial authority. Third, imperialism made use of the dispossessed agrarian populations of Europe to produce white settler communities around the globe, which were rarely, if ever, subject to local forms of law or political authority. Fourth, imperialism employed a widely accepted principle of political, moral, and intellectual organization to create its social order—racism.

By 1945 all four of these elements of imperial power had come to an end. First, the new transnational oil companies had to establish their oligopolies and exclusive territories by secret collusion, rather than imperial edict; and they had to acquire the rights to particular territories by negotiation with local powers rather than by force. Military support was now available only in exceptional circumstances. Second, although by 1945 the

United States enjoyed preponderant global military power, its use was quite restricted. In the Arab world, the Palestinian rebellion of 1936–39 had shown the British the difficulties of maintaining military occupation by force, and the Americans were to learn the same lesson a little later in Southeast Asia. Part of the difficulty was that countries of the global south would no longer accept foreign military bases. In 1945 the United States had military bases in occupied Germany and Japan—but almost nowhere else in between. That year, it negotiated and began construction of a military base at Dhahran, the center of Aramco’s oil operations in Saudi Arabia. In the 1950s Dhahran became the largest U.S. military base anywhere between Germany and Japan. Washington managed to retain the base only until 1962, when popular anti-imperialism forced the Saudi government to ask the Americans to leave. Not until three decades later, following Iraq’s invasion of Kuwait in August 1990, were the Americans provided with an opportunity to reoccupy the base. Third, by the 1930s population growth in most northern European countries had slowed considerably, and there was no longer a large white settler population available to accompany the establishing of overseas corporate operations. The smaller groups of white settlers that accompanied corporate expansion abroad, such as the American colony in Dhahran, moreover, no longer enjoyed complete immunity from local law. Finally, the rise of fascism and the Nazi holocaust in Germany had suddenly made European racism an embarrassing system of political and social organization. As Robert Vitalis shows, corporations like Aramco brought all the methods of American racial segregation of labor to Arabia, with entirely separate residential compounds and standards of living for four separate racial groups (whites, nonwhite foreigners, Arabs, and riffraff).⁹ However, corporate racism led to frequent labor protests, and made the position of Aramco in Saudi Arabia increasingly fragile.

This historical context, then, represents the fourth feature of the political economy of oil: the major oil companies required a system based on the exclusive control of oil production and limits to the quantity of oil produced—only an antimarket arrangement of this sort could guarantee their profits. But they sought to establish such an arrangement, beginning in the 1930s, at precisely the moment when the old methods for producing global antimarkets—colonialism—were in the process of collapse. It is these factors that would give political Islam its special role in the political economy of oil.

Ibn Saud, the future king of the future Saudi Arabia, grew up in exile in the British protectorate of Kuwait. In 1902 he captured his family’s former base, the town of Riyadh in central Arabia, and for the following quarter of a century was one of several local warlords competing to con-

trol the Arabian Peninsula. He depended initially on funds from the British and subsequently on an alliance with the *muwahhidun*. Although not himself especially devout, he drew his strongest military force from the Ikhwan, or Brotherhood, an egalitarian movement attempting to replace the increasingly threatened life of Arabian tribal nomadism with settlement and agriculture and the degenerate practices of saint worship and excessive veneration of the Prophet with the strict monotheism of *tawhid*. The Ikhwan revived the classical doctrine of jihad (the duty to struggle against unbelievers) and expanded it to justify war even against fellow Muslims whom they considered to have abandoned the true form of Islam. In place of tribal raiding and the extraction of income from the declining trans-Arabian caravan trade, the Ikhwan joined Ibn Saud in a war against what they saw as the polytheism of the wider Muslim community.

In 1913–14 Ibn Saud took control of eastern Arabia (whose mainly Shia population the *muwahhidun* considered heretics). After World War I, he captured northwestern Arabia, and in 1925 he seized the kingdom of Hejaz in the west, which contained the holy cities of Mecca and Medina with their powerful merchant families, and offered its ruler the large annual income from pilgrimage to Mecca. The Ikhwan began to impose their form of purified Islam on the Hejazis, destroying a memorial at the prophet Muhammad's birthplace and other places of worship they considered improper, and banning the consumption of alcohol and tobacco. To control the Ikhwan's zeal, Ibn Saud set up his own committees on public morality, charged with the suppression of vice and, increasingly, policing the spread of "harmful ideas" and participation in antigovernment meetings.¹⁰

The autocratic rule that Ibn Saud was building relied on British funding and weapons to defeat rival powers in Arabia; the Ikhwan were dedicated to ridding Arabia of personal corruption and immorality, which they associated with the presence and power of colonialism. Inevitably, a tension arose between the ruler's need for foreign support and the puritan force that helped him conquer and rule Arabia. Following the conquest of Hejaz, the Ikhwan began pushing to expand their jihad northward into Jordan, Kuwait, and Iraq, British protectorates that Ibn Saud could not afford to challenge. In 1927 the Ikhwan rebelled against Ibn Saud's restraint on their expansion. With British help, he crushed the revolt and by 1930 neutralized the Ikhwan movement.

The *muwahhidun* remained a powerful force in Arabian politics but were unable to prevent Ibn Saud's accommodation with the imperial powers that financed him. In the same year that he defeated the Ikhwan, he began negotiations with the Standard Oil Company of California (Socal),

mediated by St. John Philby, and began to switch from British to American protection. To win acceptance for this foreign support, he made a compromise with the religious establishment. The *muwahhidun* leadership would tolerate the role of the foreign oil company, and in return their program to convert Arabia to the teachings and discipline of *tawhid* would be funded with the proceeds from oil.

Thus this successful warlord depended on two different forces to construct the new political order in Arabia. The Arabian American Oil Company (Aramco) provided the funds as well as technical and material assistance.¹¹ The company built the country's new towns, road system, railway, telecommunications network, ports, and airports, and acted as banker to the ruling family and investor in Saudi enterprise, especially in contracting firms and other companies to serve Aramco's needs in eastern Arabia. Aramco paid the oil royalty not to a national government but to a single household, that of Ibn Saud, who now called himself king and renamed the country, previously the provinces of Hejaz and Nejd, the "Kingdom of Saudi Arabia," creating the only country in the world to be named after a family. As a consequence of this corporate arrangement, the millions and later billions of dollars paid for the oil each year became the private income of a single kin group—albeit one that reproduced so successfully that within three or four generations Ibn Saud's offspring were said to number some seven thousand.¹² This "privatization" of oil money was locally unpopular and required outside help to keep it in place. In 1945 the U.S. government established its military base at Dhahran and began to train and arm Ibn Saud's security forces, which imprisoned, threatened, tortured, executed, or exiled those who opposed the ruling family. The religious establishment, on the other hand, created the moral and legal order of the new state, imposing the strict social regime that maintained discipline in the subject population and suppressed political dissent.

Toward the end of the 1940s a labor movement began to emerge among the country's oil workers, demanding better treatment and working conditions. A series of protests culminated in a general strike in July 1956. The workers' demands included the introduction of a political constitution, the right to form labor unions, political parties, and national organizations, an end to Aramco's interference in the country's affairs, the closure of the U.S. military base, and the release of imprisoned workers. Aramco's security department identified the leaders to the Saudi security forces, including the Ikhwan. The government had reestablished Ikhwan militias in the 1950s, renamed the National Guard—although its members were called mujahideen (those engaged in jihad)—to provide a counterweight to the army, itself the locus of considerable dissent. Hundreds of protesters were arrested, tortured, and sentenced to prison terms or

deported from the country. In such events, American oil executives and the forces of jihad worked hand in hand to keep the political economy of oil in place.¹³

With internal opposition to this political economy of oil silenced, the main threat came from abroad—from the nationalist governments of Egypt and Iraq, which in the later 1950s began to denounce the corruption of the Saudi monarchy and its misappropriation of what they now referred to as “Arab oil.” To meet this threat, the government of Saudi Arabia used oil money to enable the religious establishment to promote its program of moral authority and social conservatism abroad. In particular, they funded the revival of an Islamic political movement in Egypt, which the government of Jamal Abdul Nasser had attempted to suppress in the mid-1950s. And they supported similar movements in Pakistan and throughout the region. At the same time, former Aramco employees now working for the CIA helped hatch plots to kill the presidents of Egypt and Iraq, whose governments had introduced land reform, women’s rights, universal education, and other populist programs. Nasser survived, but in 1963 the Iraqi government was overthrown and the president killed in a U.S.-supported military coup that brought to power the Baath, the party of Saddam Hussein.¹⁴ (One other pillar of U.S. Middle East policy was established in the same period, in 1958: the decision to arm and finance the state of Israel as another agent, alongside Islamic conservatism, that would help undermine Arab nationalism.)

Many scholars have pointed to the fact that oil money helped develop the power of the *muwahhidun* in Arabia after 1930 and made possible the resurgence of Islamic political movements in the 1970s. However, it is equally important to understand that, by the same token, it was an Islamic movement that made possible the profits of the oil industry. The political economy of oil did not happen, in some incidental way, to rely on a government in Saudi Arabia that owed its own power to the force of an Islamic political movement. Given the features of the political economy of oil—the enormous rents available, the difficulty in securing those rents due to the overabundance of supply, the pivotal role of Saudi Arabia in maintaining scarcity, and the collapse of older colonial methods of imposing antimarket corporate control of the Saudi oil fields—oil profits depended on working with those forces that could guarantee the political control of Arabia, the House of Saud in alliance with the *muwahhidun*. The latter were not incidental, but became an internal element in the political economy of oil. “Jihad” was not simply a local force antithetical to the development of “McWorld.” McWorld, it turns out, was really McJihad, a necessary combination of a variety of social logics and forces.

The idea of McJihad requires a different understanding not so much

of the historical role of particular Islamic movements, but of the nature of global capitalism. Even among its critics, capitalism is usually talked about in terms of its logic and its power. “Jihad,” in this view, stands for a localized and external resistance to capitalism’s homoficient historical logic.¹⁵ The history of McJihad, in contrast, is a history of a certain incoherence and weakness. It is a concept that directs attention to the impossibility, under capitalism, of securing the enormous profits of oil, except through arrangements that relied on quite dynamic but seemingly uncapitalist social forces. But in what sense were these forces “uncapitalist”? They were not some precapitalist “cultural” element resisting capitalism from the outside. Whatever their historical roots, they were dynamic forces of the twentieth century whose role developed with the development of oil. Yet their role in the economy of oil was a disjunctive one. By this I mean that while it was essential to the making of oil profits, political Islam was not itself oriented to that goal. The *muwahhidun* and other Islamic movements had their own agendas—sometimes stemming from injustices and inequalities that people suffered, or from threats to local ways of living one’s life morally, or to local arrangements of hierarchy and respect, including male prerogatives in family and gender relations. Seen as a process of McJihad, capitalism no longer appears self-sufficient. Its success depends on other forces, which are both essential to the process we call capitalist development and disjunctive with it.

I will briefly sketch some of the history of McJihad, to bring us back to the crisis in Afghanistan—and to a closely related crisis in Arabia. In oil-producing states with large populations that supported popular political movements that were difficult to suppress, workers in the oil industry began to organize and strike against low rates of pay and abysmal work conditions—notably in Mexico as far back as 1936–38 and Iran in 1929 and again in 1944–51. In contrast to the case of Saudi Arabia, these protests fueled a nationalist movement among the political elite that countered the unrest by nationalizing the foreign-owned oil industry in order to retain more of the profits for the producing country. The multinational oil companies responded by boycotting these countries (and in Iran, by having Britain and the United States overthrow the nationalist government and install a military dictatorship, backed by a religious movement) until they were forced to sell their nationalized oil through the multinationals at quantities and prices the latter were able to control, thus protecting the corporate antimarket. Elsewhere, beginning in Venezuela and then in Saudi Arabia, Iraq, and Kuwait, the oil multinationals renegotiated the terms of their concessions, agreeing to pay the host governments 50 percent of revenue. However, the oil companies calculated this revenue share on the basis of a fictitious low price and took advantage of a loophole in U.S. tax

law to deduct the increased payment from the taxes they owed the U.S. Treasury. In effect, the corporations arranged for U.S. taxpayers to cover the increased fees they were paying for foreign oil, while protecting their own profits.

A further development occurred in the 1970s, following the rise of OPEC, when Saudi Arabia and the other major producer states in the Gulf demanded to take full control of Aramco and other local subsidiaries of the multinational oil companies. The oil multinationals collaborated to ensure, once again, that this transformation left the antimarket system—and corporate profits—in place. They helped produce a series of price increases, culminating in the quadrupling of the price of oil in 1973–74. The large increase in oil revenues was shared between the national oil companies, which now controlled Middle East production, and the multinationals, which continued to dominate transport, refining, and distribution.¹⁶

These events had two notable consequences. First, the large increase in oil revenues was recycled into the U.S. and other Western economies, partly through Saudi purchases of U.S. Treasury bonds and other investments in the West, but also through extensive purchases of American and European military equipment. Arms manufacturers joined oil companies in the increasing dependence of their profits on political arrangements in the Middle East. Second, Western banks, awash in the flood of petrodollars, embarked on a disastrous program of loans to Third World governments. When the loans failed, the banks helped devise the program known as *structural adjustment*, which made the people of the global south rather than their governments or the bankers pay for the failure. In Egypt, for example, where the banks made especially bad loans, structural adjustment reduced spending on schools, medicines, factories, and farming but left lucrative state construction projects and large military budgets intact.¹⁷

The successes in maintaining the profits of the oil industry, while increasing the share accruing to the oil-producing countries of the Middle East, came at a cost. In the second half of the 1970s, it became increasingly difficult to maintain the power of the autocratic governments on which this political economy of oil depended, and the role of political Islam, essential to this economy, became more and more disjunctive.

The series of crises is well known. From 1975 opposition to the military dictatorship in Iran gathered strength, and critical sections of the religious establishment began to turn against the regime, whose resort to violence and repression stimulated a revolutionary movement in 1978–79 that overthrew the state. In Egypt, a somewhat less repressive regime, which had actively encouraged the Islamist movement in the 1970s as a means of weakening secular political opposition, faced popular protest

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Washington in
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and the blocking
of diplomatic
solutions.

and dissent. In October 1981, the members of a militant Islamic cell, seeking to take advantage of this popular movement, assassinated President Sadat and attempted an armed uprising, which the military regime quickly suppressed.

In Afghanistan, army officers overthrew the monarchy in July 1973 and, under the leadership of Muhammad Daud, initially promised a program of land reform and social transformation in alliance with the progressive and pro-Soviet People's Democratic Party of Afghanistan (PDPA). The shah's Iran, encouraged by the United States, launched an ambitious program of aid and intervention to weaken the pro-Soviet elements and draw Afghanistan into the orbit of U.S.-Iranian power.¹⁸ In March 1978, the PDPA removed and killed Daud, introduced by force a radical program of land reform in an attempt to overthrow the old social order, and turned to the Soviet Union for increased support. As political unrest spread across the country, the United States began to underwrite Pakistan's efforts to destabilize the government, and in March 1979 started discussing plans for "sucking the Soviets into a Vietnamese quagmire" in Afghanistan.¹⁹ On 3 July President Carter approved a secret program to arm counterrevolutionary forces—the Islamic political parties known as the mujahideen—attempting to overthrow the Afghan government. The jihad was to be funded jointly by the United States and Saudi Arabia, equipped with Soviet-style weapons purchased from Egypt, China, and Israel, and supplied with additional recruits from the Islamic movements of Egypt, Saudi Arabia, Yemen, and other countries.²⁰ U.S. support for the Islamic forces based in Pakistan was later described as a reaction to the Soviet invasion of Afghanistan in December 1979. In fact, it began almost six months before the Soviet invasion, and its aim was not to oppose that invasion but to provoke it. As U.S. national security advisor Zbigniew Brzezinski later confirmed, the United States hoped to provoke a war that would embroil the Soviet Union in "its own Vietnam."²¹

It would be difficult to summarize the complexities of political developments over the following decade. One thing that stands out, however, is the increased involvement of Washington in the prolongation of a series of wars and political conflicts, through both the arming of protagonists and the blocking of diplomatic solutions. Other outside powers—principally Britain, France, and the Soviet Union—also supplied weapons, and several local states resorted to military violence, in some cases using it continuously as a means of repression. But what distinguished the United States was the breadth of its involvement in the use of violence across the region, its increasing reliance on wars of attrition as a normal instrument of politics, and its efforts to prevent the resolution of conflicts. In the

Gulf, Washington began to back the government of Saddam Hussein in Iraq. After Iraq invaded Iran in September 1980, the United States lent its support to the prolongation of the conflict, as a means of weakening Iran and as a cover for its own growing military role in the Gulf. In the Israel/Palestine conflict, the United States supported Israel's 1982 invasion of Lebanon and funded its military occupation and accelerating colonization of the West Bank and Gaza, while blocking the 1981 Fahd peace plan, the 1982 Rabat initiative, the 1983 U.N. peace conference proposal, and several further efforts to end the occupation. In Afghanistan, following the Soviet attempt to negotiate a withdrawal beginning in 1983, Washington more than doubled its support for the mujahideen, in an effort to delay the Soviet departure.²² After Iraq's invasion of Kuwait in August 1990, the United States blocked attempts to negotiate Iraq's withdrawal and seized the opportunity for a war that would permanently weaken Iraq by the devastation of its economy and enable America's reoccupation of its military base in Saudi Arabia.

In Saudi Arabia, meanwhile, the increasing levels of opposition to the corruption of the ruling dynasty and the repression of political activity found its outlet in the religious schools and mosque preachers of the *muwahhidun*—the only form of political expression the regime could not suppress. The discontent was briefly visible in December 1979, when religious militants seized the Grand Mosque in Mecca. It took several days of siege and shooting and the assistance of French special forces to eliminate the insurgents. Political discontent increased in the 1980s, especially after the collapse of the price of oil in 1984–85, which precipitated a fiscal crisis, a sharp fall in national income, and high levels of unemployment. The Saudi government saw in Afghanistan the solution to these growing domestic difficulties. It exported as many as twelve thousand young religious activists, increasingly critical of the corruption of the ruling family, to fight the crusade against the Soviet Union in Afghanistan.²³ Osama bin Laden, with his family's close connections to the regime, was the figure who coordinated this development. In the 1990s, as the mujahideen returned from Afghanistan, the country's economic difficulties worsened. The 1990–91 war against Iraq galvanized a much broader opposition. Despite the billions of dollars squandered on arms purchases in preceding years, the regime suddenly appeared helpless, hastily agreeing to the arrival of American forces to save it from the Iraqi threat. The combination of a regime kept in power jointly by the military resources of the West and the local authority of the *muwahhidun* was becoming increasingly difficult to hold together.

It is often said that the politics of the Middle East are shaped by the power of the international oil industry. It would be better to say that they are shaped by its weakness. Extraordinary rents can be earned from controlling the production and distribution of oil. The multinational oil corporations seek to secure and enlarge these rents in a rivalrous collaboration with the governments that control the oil fields. Large rents can also be made from controlling the production and distribution of weapons, for which the same governments have become the largest overseas customers. The oil and arms industries appear as two of the most powerful forces shaping what is called the capitalist world economy. Yet their power exists to overcome a weakness, a deficiency that always threatens the enormous potential for profit.

On the one hand, there is the overabundance of oil, creating the permanent risk that the high rents earned by the oil industry might collapse. The industry must constantly manufacture a scarcity of oil to keep this threat at bay. On the other, there are the political structures that have come into being to help achieve this end. Since the oil industry was never strong enough to create a political order on its own, it was obliged to collaborate with other political forces, social energies, forms of violence, and powers of attachment. Across the Middle East, there were various forces available. But each of these allies had its own purposes, which were never guaranteed to coincide with the need to secure the scarcity of oil. At the heart of the problem of securing scarcity, for reasons we have seen, was the political control of Arabia. The geophysics of the earth's oil reserves determined that the rents on the world's most profitable commodity could be earned only by engaging the energies of a powerful religious movement.

McJihad is a term that describes this deficiency of capitalism. The word does not refer to a contradiction between the logic of capitalism and the other forces and ideas it encounters. It refers, rather, to the absence of such a logic. The political violence that the United States, not alone but more than any other actor, has promoted, funded, and prolonged across so many parts of the Middle East over recent decades is the persistent symptom of this lack.

Notes

1. Ahmed Rashid, *Taliban: Militant Islam, Oil, and Fundamentalism in Central Asia* (New Haven, Conn.: Yale University Press, 2000), 179.

2. Benjamin R. Barber, *Jihad vs. McWorld: How Globalism and Tribalism are Reshaping the World* (New York: Ballantine, 1995), 4. Barber discusses a "dialec-

tic” of Jihad and McWorld, but means only that the forces he labels Jihad must be understood as a reaction to modernity, not a relic of the past (157).

3. H. St. John B. Philby, “Why I Turned Wahhabi,” *Egyptian Gazette*, 16 September 1930, cited in Anthony Cave Brown, *Oil, God, and Gold: The Story of Aramco and the Saudi Kings* (Boston: Houghton Mifflin, 1999), 18.

4. Anthony Sampson, *The Seven Sisters: The Great Oil Companies and the World They Made* (London: Hodder and Stoughton, 1975), 87–90.

5. The Texas quota system was reinforced by the federal Connally Act, known as the “Hot Oil” Act, of 1935 (Harold F. Williamson, *The American Petroleum Industry* [Evanston, Ill.: Northwestern University Press, 1959–63], 2:543–44). Thirty years later, OPEC took the Texas system as a model for its system of international quotas (Sampson, *Seven Sisters*, 92). U.S. import quotas were established in 1957 by an industry-government body, the Oil Policy Committee, and formalized by a proclamation by President Eisenhower in 1959 using powers granted by the 1958 Trade Agreements Extension Act. The proclamation limited imports (excluding those from Mexico and Canada) to 9 percent of domestic demand. The system was scrapped after the 1974 oil price increases, which made it redundant, although the collapse of oil prices in 1998–99 led to efforts by Congress once again to protect domestic oil producers. Oil was excluded from the provisions of the World Trade Organization (Robert Bamberger et al., “Domestic Oil and Gas Producers: Public Policy When Oil Prices Are Volatile,” CRS Report for Congress, no. RL30290 12 November 1999, www.cnice.org/NLE/CRSreports/energy/eng-65.cfm).

6. Christopher T. Rand, *Making Democracy Safe for Oil: Oilmen and the Islamic East* (Boston: Little, Brown, 1975), 16–18.

7. For production figures, see www.eia.doe.gov/emeu/cabs/nonopec.html.

8. See www.eia.doe.gov/emeu/cabs/opec.html. *Surplus capacity* is defined as oil production that can be brought on line within thirty days and sustained for at least ninety days.

9. Robert Vitalis, “Black Gold, White Crude: An Essay on American Exceptionalism, Hierarchy, and Hegemony in the Gulf,” *Diplomatic History* 26.2 (2002): 185–213.

10. Alexei Vassiliev, *The History of Saudi Arabia* (New York: New York University Press, 2000), 270–71.

11. Socal established Aramco in 1933 as the California Arabian Standard Oil Company, adding Texaco as co-owner in 1936. In 1943, Socal persuaded the U.S. government to take over the company’s and Great Britain’s funding of the Saudi government. The U.S. government then decided to nationalize the company. Socal managed to limit the proposed state ownership to one-third, but then Exxon and Mobil defeated the plan. In response to these threats, in 1944 Socal renamed the company the Arabian American Oil Company and in 1946 agreed to add Exxon and Mobil as co-owners (Irvine H. Anderson, *Aramco, the United States, and Saudi Arabia: A Study of the Dynamics of Foreign Oil Policy, 1933–1950* [Princeton, N.J.: Princeton University Press, 1981]).

12. Saïd K. Aburish, *The Rise, Corruption, and Coming Fall of the House of Saud*, 2d ed. (New York: St. Martin’s Griffin, 1996), 7. Aburish estimates that about 15 percent of national oil income is taken as the private income of the royal family. Most of this money is deducted from the country’s oil income before it is recorded in national accounts, however, so precise figures are unavailable. This

money excludes the family's income from payoffs on arms purchases and other nonoil trade (294–95).

13. Vassiliev, *History of Saudi Arabia*, 337.

14. On the possible role of the CIA in the plot to kill Nasser, see Aburish, *The House of Saud*, 128. On the CIA's failed attempt to murder President Qasim of Iraq in February 1960, see Thomas Powers, "Strategic Intelligence: Part One, an Isolated Man," *Atlantic Monthly*, April 1979, and the hearings and report of the Senate Select Committee to Study Governmental Operations with Respect to Intelligence Activities (the Church Committee), 1976. On CIA support for the 1963 coup, see "The Survival of Saddam: An Interview with James Akins," PBS Frontline, at www.pbs.org/wgbh/pages/frontline/shows/saddam/interviews/akins.html.

15. On the problem of the "homoficiency" of capital, see Timothy Mitchell, *Rule of Experts: Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002), 245.

16. Rand, *Making Democracy Safe for Oil*, 14–36, 274–353.

17. See Mitchell, *Rule of Experts*, 209–303.

18. Jonathan Kwitny, *Endless Enemies: The Making of an Unfriendly World* (New York: Congdon and Weed, 1984), 215; Selig S. Harrison, "The Shah, Not Kremlin, Touched off Afghan Coup," *Washington Post*, 13 May 1979; Fred Halliday, *Soviet Policy in the Arc of Crisis* (Washington, D.C.: Institute for Policy Studies, 1981), 84–90.

19. Robert Gates, *From the Shadows: The Ultimate Insider's Story of Five Presidents and How They Won the Cold War* (New York: Touchstone, 1997), 131–49. The quotation, the words of Walt Slocombe of the Department of Defense, is from p. 145. On the political unrest that spread in response to the attempt to break the old social order through land reform, see Barnett R. Rubin, *The Fragmentation of Afghanistan*, 2d ed. (New Haven, Conn.: Yale University Press, 2002), 111–21.

20. John K. Cooley, *Unholy Wars: Afghanistan, America, and International Terrorism*, 2d ed. (London: Pluto, 2000); Rubin, *Fragmentation of Afghanistan*, 197.

21. "How Jimmy Carter and I Started the Mujahideen: Interview with Zbigniew Brzezinski," *Le nouvel observateur*, 15–21 January 1998, 76. The interview was not included in the abridged edition of the magazine sold in the United States. This translation is by Bill Blum.

22. Diego Cordovez and Selig S. Harrison, *Out of Afghanistan: The Inside Story of the Soviet Withdrawal* (London: Oxford University Press, 1995), details the Reagan administration's efforts to prevent a Soviet withdrawal. Cordovez, the United Nations undersecretary-general for Special Political Affairs, was a key figure in negotiating the Geneva Accords of 1988 that finally provided a framework for the Soviet withdrawal, completed in 1989. U.S. aid to the mujahideen increased from \$120 million in fiscal year 1984 to \$250 million in 1985 and almost doubled again in the later 1980s, when combined U.S. and Saudi aid reached \$1 billion per year (Rubin, *Fragmentation of Afghanistan*, 180–81).

23. Gwenn Okruhlik, "Networks of Dissent: Islamism and Reform in Saudi Arabia," *Current History* 101 (January 2002): 22–28.