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## **The Ideology of IS**

The March edition of *Atlantic Magazine* published an article<sup>1</sup> about Islamic State (IS) that examined its theology and ideology. This article along with a paper from the Brookings Institute<sup>2</sup> on the ideology of IS form the basis of our report this week.

In this report, we will examine the intellectual foundations of IS, showing how it evolved from two different sources of thought. We will follow this with an analysis of the concept of the *Caliphate* and the critical importance it has in Islamic theology. A Caliphate is a form of Islamic government which, in some Islamic conceptions, is a universal government for all people. An examination of the eschatology of IS will also be included. The consequences of IS's ideology will be discussed. As always, we will conclude with potential market ramifications.

### **The Intellectual Foundation**

The intellectual foundation of IS comes from two streams of thought—Jihadi Salafism and the Muslim Brotherhood. Jihadi Salafism is a Sunni movement focused on purifying the faith. It has two major tenets, monotheism, a key concern of the Prophet Muhammad, and a strong rejection of idolatry (*shirk*). The theological roots go back to Ibn Taymiyya, a 14<sup>th</sup>

century Islamic theologian, and Ibn Abd al-Wahhab, an 18<sup>th</sup> century Islamic scholar. Wahhabism is the primary form of Sunni Islam in the Kingdom of Saudi Arabia. The union of Wahhabi clerics and Ibn Saud's military prowess created today's Saudi Arabia.

Salafism is an attempt to create the pure faith of the founders of Islam. A return to a time of purity is common among religious reformers of most faiths. In Christianity, much of the Protestant Reformation was centered on eliminating the extraneous practices that developed under Roman Catholicism and the Orthodox religions. The Protestant reformers focused on the Bible and reduced the role of tradition in the understanding and practice of the faith. In Islam, the Salafists are trying to do the same thing. One of the key differences between Christianity and Islam is the idea of a physical state, the Caliphate, which is central to the faith. The idea of Christendom is not a key component of Christianity. In fact, Jesus pointedly said that his kingdom "was not of this world."<sup>3</sup> There is a political element to Islam which can create, at least in some movements, the desire for actions consistent with exercising political power, such as terrorism and warfare. It should be noted that the projection of political power within Islam isn't universally held; there is a strain of the religion that is quietist<sup>4</sup> and believes that

<sup>1</sup> Wood, Graeme. (2015 March). What ISIS Really Wants. *Atlantic Magazine*.

<sup>2</sup> Bunzel, Cole. (2015). From Paper State to Caliphate: The Ideology of the Islamic State, *Center for Middle East Policy*, Brookings Institute.

<sup>3</sup> John 18:36.

<sup>4</sup> In terms of Islam, a form that is non-political in nature and is skeptical as to humans' ability to form an effective religious government. It is a Christian heresy that argued that spiritual perfection can be met through annihilation of the will.

God (*Allah*) brings the conditions that create the Caliphate and mere humans forcing the conditions of the Caliphate and the end of the world is a form of idolatry in itself. Needless to say, the theologians supporting IS are not supportive of the quietist position.

One factor common to movements designed to purify a religion is an attempt to outdo earlier reformers. Each new reforming group will tend to accuse its predecessors of laxity in bringing the faith to a new level of reform. To a great extent, we are seeing this factor play out in the relationship between al Qaeda and IS. The point here is that IS is yet another variation of the Salafist reform theme. IS has made a name for itself by destroying ancient artifacts, mass killings and horrific executions. These atrocities are mostly done to prove that IS is even more reformist than earlier Salafist groups.

The second major stream of thought comes from the Muslim Brotherhood (MB). The MB was founded by Hasan al-Banna in 1928, six years after the fall of the Ottoman Empire. Banna was opposed to foreign influence in the Middle East and wanted to create an Islamic alternative to the colonial powers or their puppet states which dominated the region. The MB was a political movement, and although it was Sunni, it did not discriminate against Shia or Sufi versions of Islam. The MB is important because it created the concept of a modern Islamic state that could be an alternative to the colonial regimes that existed at the time. Banna believed in the Islamic concept of the Caliphate, noting that the end of the Ottoman Empire also ended the Caliphate.

These two intellectual roots fostered the development of the radical Islamic movements that exist today. The two most prominent, al Qaeda and IS, borrow from Sayyid Qutb, an MB ideologue who was

active in the 1950s and 1960s. Qutb argued for a revolutionary Islam that would create an Islamic state based on *sharia*. Although Qutb started out as a secularist, during a long imprisonment in Egypt he concluded that a government led by sharia was the best answer to the problems faced by Middle Eastern societies. His call for revolution inspired numerous radical Islamic movements.

Although the leadership of these radical movements admired Qutb and Banna, they generally concluded that they were too secular and not strictly Islamic. From the MB, the emerging Islamic groups borrowed the notion of revolution, supporting the overthrow of governments in the region. However, they decided to also become increasingly strict in religious observance, harking back to the practice of the faith from the 14<sup>th</sup> century from a solely Sunni perspective. Shiites, Alawites, Sufis and Yazdis were all seen as heretical, worthy of excommunication and execution. In a 2007 speech, Umar al-Baghdadi, the late leader of IS, offered this quote from a Wahhabi-trained scholar on the purpose of jihad: “The end to which fighting the unbelievers leads is no idolater remaining in the world.”<sup>5</sup> In practice, these leaders, especially from IS, have tended to accuse those who don’t follow the religion with sufficient vigor as committing heresy and subject to excommunication (*takfir*). Unfortunately, the line between sin and heresy is often difficult to discern. IS has tended to lean toward calling sinners “heretics” and subjecting them to death.

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<sup>5</sup> Op. cit. Bunzel, page 10. The quote is from Mauritanian scholar Muhammad al-Amin al-shingiti, who died in 1973. It should be noted that Uman al-Baghdadi led this insurgency until 2007 when he was killed. He is not the same person as Abu Bakr al-Baghdadi, the recently wounded Caliph (see note 11).

### The Importance of the Caliphate

The Caliphate is ruled by a Caliph who is an adult Muslim male descended from the Quraysh tribe (the tribe Muhammad came from) and exhibits moral probity and has authority. The latter is rather tricky. Generally speaking, it is the judgment of learned theologians that grant authority. However, throughout history, it has been seized militarily or bequeathed to family members.

It is the duty of all Muslims to live in a legitimate Caliphate. A Caliphate is *the* Islamic State. Unlike the post-Westphalian Western model of the nation-state, where nations respect borders and violations of borders are *casus belli*, the Caliphate's legitimate borders contain all the land on Earth. In other words, it respects no borders. It is a religious and political state where sharia is practiced, ruled by a legitimate Caliph. It isn't a democracy; there is no need for a legislature, since all the necessary laws are encompassed in sharia. There is a need for a judiciary, staffed by clerics, to adjudicate sharia, and an executive to enforce sharia.

A key concept tied to the Caliphate is *bay'a*, or fealty to the Caliph. The *bay'a* is best described as a contract between the Caliph and Muslims. The Caliph is responsible for maintaining the Caliphate where all Muslims can live under sharia without persecution.<sup>6</sup> If the Caliph successfully creates such a state, all Muslims are required to give him *bay'a*.

However, the question that arises is, “if the Caliphate doesn't exist, to whom does a Muslim offer *bay'a*?” Muslim theologians have argued that there are two forms of

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<sup>6</sup> Persecution is described as idolatry; thus, by this definition, the Caliphate is a state where there are no idolaters, e.g., Shiites, Alawites, etc.

*bay'a*, restricted and unrestricted. In the former, a Muslim can give *bay'a* to a leader but the obligations only extend to the exercise of jihad. There is no obligation of obedience in other matters. In the latter, a practicing Muslim must be obedient to the Caliph on all matters. This extended burden works in both directions. The Caliph must faithfully enforce sharia; as long as he doing that, Muslims must give full allegiance. Essentially, the Caliphate is necessary, under this reading of Islam, to salvation. When the Caliphate doesn't exist, some Islamic theologians lean toward a situation similar to Limbo in Catholicism.<sup>7</sup>

The reason all Muslims should live in a legitimate Caliphate is to ensure salvation. Since following sharia is key to salvation, living in a state where it is enforced is required for religious purposes.

### Eschatology

Eschatology is the theology of the end of the world. Nearly all religions have an eschatology. Islamic eschatology centers on the return of the *Mahdi*, a messiah figure that will lead Muslims to victory before the end of the world.

The leadership of IS views the formation of the Caliphate as critical to bringing about the end times. Thus, its announcement of the Caliphate in June 2014 is important because it may “start the clock” on the final end. IS theologians believe that a critical battle will occur between the forces of “Rome” and the soldiers of Islam in the city of Dabiq, a town near Aleppo in modern-day Syria. IS leaders fought hard for this militarily insignificant town. However, in its eschatology, it is here that the armies of

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<sup>7</sup> Limbo is where the unbaptized innocents live out eternity; it should be noted that the concept of Limbo is not the official doctrine of the Catholic Church.

Rome will be defeated. By controlling this area, members of IS believe they are preparing the ground for the return of the Mahdi and the end of the world.

According to its eschatology, an anti-Mahdi will arise from the Khorasan region of Iran (a Shiite region) and will kill many Muslim fighters. When only 5,000 remain, cornered in Jerusalem and awaiting their death, Jesus<sup>8</sup> will return to kill the anti-Mahdi and lead Muslims to final victory.

### The Consequences

When Graeme Wood published his article last month, it created quite a stir among geopolitical analysts because it offered an in-depth and unique perspective on the ideology of IS. Wood quoted Maj. Gen. Michael Nagata, the Special Operations commander for the U.S. in the Middle East, who noted he had little understanding of the appeal of IS. “We have not defeated the idea; we do not even understand the idea.”<sup>9</sup> Up to this point, we have attempted to explain the major tenets that are held by IS. In this section, we will discuss the consequences.

**IS isn’t a variant of al Qaeda:** This is a commonly held position in the West. President Obama even suggested that IS was sort of an al Qaeda “jay-vee” in January 2014.<sup>10</sup> However, al Qaeda and IS have different goals and structure. Al Qaeda has never established a state or held territory. Its leaders, Osama bin Laden or Ayman al-Zawahiri, can only receive restricted bay’a.

<sup>8</sup> Jesus is a revered prophet in Islam.

<sup>9</sup> Op. cit. Wood, page 1.

<sup>10</sup> Remnick, David. (2014, January 27). *The New Yorker*.

In fairness to the president, he was referring to a wide variety of Islamic Jihadist groups, suggesting that al Qaeda was much more dangerous than the other variants.

Al Qaeda leadership opposed creating a state because it concluded that a motivated U.S. could destroy it at will. Instead, al Qaeda’s leadership focused on attacking Western states so that they would be less inclined to support the Arab dictatorships or kingdoms. Once support from the West was lost, al Qaeda’s leadership assumed that these Middle Eastern states would collapse and groups would arise and a Caliphate might emerge. Although bin Laden and al-Zawahiri supported a Caliphate, they seemed to expect it to occur at some indefinite future date.

Because IS is a nation, it can demand unrestricted bay’a from its followers. It is also forced to focus on the mundane elements of statehood, like trash collection and police services. This factor allows IS to acquire revenue, which it accumulates through taxes, confiscation of assets in areas it conquers, selling oil and ransoms. Al Qaeda subsists mostly on donations.

In a sense, al Qaeda is more of an immediate danger to the West because the group focuses on attacking the U.S. and Europe to undermine support for the regimes in the Middle East. IS is potentially a long-term threat if one accepts that it may eventually fulfill the development of a Caliphate.

**IS is a state, but not in the Western tradition:** The modern Western state emerged after the Peace of Westphalia, which finally ended the 30-Years War. As part of that agreement, as noted above, borders were considered sacrosanct and violating borders was an act of war. Borders were supported in order to prevent war; the treaty writers at Westphalia realized that if borders were regularly interfered with, then the likelihood of war would increase.

IS considers itself a state but it refuses to honor borders. This is why it claims that the formation of the Caliphate ended the Sykes-Picot frontiers created by European diplomats during WWI. Although there is an allowance for the Caliph to negotiate temporary peace treaties, these only occur to allow the Caliphate to rebuild for the next expansion. Simply put, the Caliphate cannot respect any borders due to its religious mandate to conquer the earth. This means that there is no point in negotiating with IS or allowing it to set up a state in the Westphalian tradition.

This also means that if IS engages in the traditional trappings of states (ambassadors, diplomats, seats at the U.N.), then it will be engaging in apostasy. Instead, it rejects such actions and uses this rejection to deem the Muslim governments of Saudi Arabia and groups like Hamas as illegitimate. In effect, adopting these Westphalia practices is proof of its apostasy.

**Emigration to IS by Muslims is a requirement:** The Western media is full of reports of Muslims, who appear to be rather Westernized, risking everything to move to Syria and join IS. These reports often carry a tone of disbelief—why would anyone leave the comforts of the first world to live in a war zone? As we have noted before, if a Muslim accepts that IS represents a legitimate Caliphate, he is obligated to move there.

These Western Muslims trying to become “citizens” of IS are causing all sorts of concerns among European and American security officials, fearing they are going for training only to return and engage in terrorist activity. However, this outcome isn’t all that likely. Instead, they are going to stay in the regions controlled by IS; after all, it is in the Caliphate that salvation is

found. There is no reason to leave once one is there. Of course, this doesn’t mean IS sympathizers won’t engage in terrorist acts in the West, but such acts are not key to IS’s mandate, unlike al Qaeda, which uses terrorism as its primary tool. Al Qaeda saw grand terrorist acts as a way to spur Muslims in the Middle East to rebel against their governments by reducing support for these governments. That isn’t really part of the IS plan of development.

**IS welcomes U.S. military involvement:**

Because of its eschatology, IS leaders welcome American “troops on the ground.” They would be perceived as “Roman” and a signal that the end times are upon us. Although IS might be defeated, it will fight to the death and there isn’t any clear idea of how the U.S. or any outside power would declare victory in these circumstances. In addition, direct American involvement will allow IS to claim that the U.S. is allied with Iran and the Shiites which may foster support from Sunnis who currently do not want affiliation with IS.

On the other hand, airstrikes and reliance upon regional forces denies the group stature. Since it sees Shiites as apostates and worthy of extermination, it will fight hard against Iranian forces and Iraqi groups sponsored by Iran.

**Containment is deadly for IS:**

Containment is a strategy usually limited to enemies that are significant where direct attack is impossible. Since WWII, these have always been nuclear weapon states, but also include nations that would be difficult to invade, such as Iran. The policy requires great patience because one is essentially “waiting out” the contained nation. However, in the case of IS, which has a religious mandate to expand its borders, containing it undermines its claim that it is a



legitimate Caliphate. Making it hard for IS to expand will eventually raise questions about the Caliph and sow internal dissent.

### **Ramifications**

Given what we see as a general misunderstanding of IS, the odds of miscalculation are high. For example, if the GOP wins in 2016 and adopts a neoconservative foreign policy, “boots on the ground” against IS will likely be a preferred policy. We suspect that would be a major mistake, and a ground military operation against IS would be a bearish event for equities, while bullish for gold, Treasuries and oil.

As long as current policy remains in place, IS will be a constant irritant but not one that should have a major impact on financial or commodity markets. We note that the

current IS Caliph, Abu Bakr al-Baghdadi, was seriously wounded in a recent airstrike.<sup>11</sup> It has been reported that he has been temporarily replaced by Abu Alaa Afri,<sup>12</sup> a self-proclaimed deputy of al-Baghdadi. It is possible that this change of leadership may cool the ardor of IS followers until it becomes clear that the drive of the global Caliphate is back on track.

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<sup>11</sup> Chulov, Martin and Shaheen, Kareem. (2015, April 21). *The Guardian*.

<sup>12</sup> Moore, Jack. (2015, April 23). ISIS Replace Injured Leader Baghdadi with Former Physics Teacher. *Newsweek*.

*This report was prepared by Bill O’Grady of Confluence Investment Management LLC and reflects the current opinion of the author. It is based upon sources and data believed to be accurate and reliable. Opinions and forward looking statements expressed are subject to change without notice. This information does not constitute a solicitation or an offer to buy or sell any security.*

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