

Islamic Political Economy: A Special Reference to the Use of *Tahaluf Siyasi* in the State of Kelantan, Malaysia

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Abstract

This paper basically attempts to strengthen Islamic economics with special reference to economic development. It begins with a simple question, that is can an economic development operates without taking into account politics? The answer could be obviously cannot, but many of the existing literatures on economic development seems to leave aside the question of politics. However, when politics were to be taken into consideration in Islamic economic development, what would be the discipline that suits the endeavor? This paper intends to venture into a relatively new discipline called Islamic political economy that analyses the influence of politics on economic development and the economic development on politics. By referring to some selected experience of the Pan-Malaysian Islamic Party (PAS)-ruled State of Kelantan in Malaysia, this paper then observes the role of tahaluf siyasi (political negotiations) – the main element in Islamic political economy – in realizing Islamic economic development in the midst of the Malaysian capitalistic development approach. The end result would be a conclusion on the state of the relevancy of the Islamic political economy, particularly the tahaluf siyasi, to economic development as well as how it could strengthen Islamic economics as a whole.

Keywords: Islamic political economy, economic development, tahaluf siyasi

Introduction

Politics is usually defined as the art of government, or as public affairs, or as compromise and consensus, or as power and the distribution of resource², or as art or science of influencing people³. Irrespective of the definitions however, all point towards the penetration of politics into almost all aspects of human life. So is in the case of economic development. Politics direct or indirectly inevitably influence the economic development, as much as the economic development itself in return direct or indirectly influence the politics. An analysis on politics with an exclusion of economic development may seem to be still tolerable. But analysis on economic development without an inclusion of politics could be said to be inadequate. It could in fact entail with an impossibility of having a holistic diagnosis, hence incorrect solutions, of the economic development problems.

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²See Anonymous (2007) and Brainy Quote (2013).

³ See <https://en.wikipedia.org/wiki/Politics>

Indeed the interplay of the politics and economics development does not confine to the realm of the conventional world alone. Instead, the permeation of the interplay could be felt in the Islamic economic development too. The experience of Islamic economic development attempts in Malaysia could perhaps be the best example. In the process of positioning itself in the forefront of the implementation of Islamic economic development strategies, Malaysia witnesses the rise and fall of the Islamic economic development strategies – either initiated by organizations, states or even by the country itself - because of politics.

At organizational level for instance, an attempt in establishing a holistic Islamic economic development by a dakwah movement called Darul Arqam led by UstazAshaari Muhammad was completely crushed down by the Malaysian government on 21 October 1994. Darul Arqam has been alleged to have been a blasphemous organization that endeavored to establish an Islamic state (*daulah Islamiah*)⁴. At state level, *Wawasan SIHAT* (literally, HEALTHY Vision⁵) attempted in the State of Terengganu by the then Chief Minister Dato' Seri Amar Di Raja Tan Sri Haji Wan Mokhtar Ahmad (September 1974-November 1999) ceased to exist when the political power changed from the incumbent Barisan Nasional to Pan-Malaysian Islamic Party (PAS) in the 1999 General Election⁶. So was the fate of *Islam Hadhari Terengganu Bestari* endeavored by the then Barisan Nasional Chief Minister of the same State, Dato' Seri IdrisJusoh (25 March 2004-25 March 2008), after the PAS rule. Despite of a considerable success, the endeavor ended abruptly when Dato' Seri Idris Jusoh unexpectedly was not reappointed for his second term as the Chief Minister⁷. In the neighbouring PAS-led State of Kelantan, the *Membangun Bersama Islam* (literally, Developing-With-Islam) strategy too, although after about 23 years of the PAS rule (since 22 October 1990) under the Chief Minister Dato' Bentara Setia Haji Nik Abdul Aziz bin Nik Mat, could not flourish because of the federalism system in Malaysia, apart from the State's own weaknesses⁸. Even at the national level, Islam Hadhari strategy initiated and attempted by the then Malaysian Prime Minister Tun Abdullah bin Haji Ahmad Badawi (2003-2009) himself, sank down when he stepped down from his premiership. Islam Hadhari, though considered to be the first relatively comprehensive national Islamic-based development strategy, has been replaced and overwhelmed by 1Malaysia, a new tagline introduced by his successor, Dato' Sri MohdNajib Abdul Razak.

The understanding of the interaction, the interplay and the mutual influences of the politics and the Islamic economic development necessitate a discipline that enables the possibility of an in-depth analysis. This discipline is called Islamic political economy. But what does it mean by Islamic political economy? How does the core element of Islamic political economy mediate the interaction, the interplay and the mutual influences of the politics and the economic development? This paper attempts to seek for an answer to these two basic questions. In so doing, two sections are devoted to firstly discussing the meaning of Islamic political economy, and secondly to analyzing the role of *tahaluf siyasi* – the core element of the Islamic political economy – with a selected reference to the experience of the PAS-led State of Kelantan in the East-Coast of Peninsular Malaysia. These attempts are based on library research, but as literatures on Islamic political economy – either theoretically or empirically – are still limited to date, interviews become another source of the discussions in this paper. The findings and subsequently the answers to the above two questions would entail with an understanding of the relevancy of Islamic political economy to economic development.

⁴ For an in-depth analysis of the accomplishment of DarulArqam, see Muhammad SyukriSalleh (1992). For analyses on the banning of DarulArqam, see Kamarulnizam Abdullah (2003), and Ahmad Fauzi Abdul Hamid (2005).

⁵ S stands for *sihatfizikal and mental* (physical and mental health), IH for *ilmu yang dihayati* (practiced knowledge), A for *akhlakmulia* (commendable behavior), and T for *taqwa* (piety). For an analysis of the Wawasan SIHAT from an Islamic political economy perspective, see Muhammad SyukriSalleh (1999a, 1999b).

⁶ Malaysia comprises of 14 states. The States of Terengganu and Kelantan are two of the States, situated in the East Coast of Peninsular Malaysia (or also known as West Malaysia) – both populated by Malay-Muslim majority. The other States are Sabah and Sarawak in the East Malaysia (situated on Borneo Island), and Perlis, Kedah, Penang, Perak, Selangor, Negeri Sembilan, Melaka, Johor, Pahang in Peninsular Malaysia, plus Federal Territories (Labuan in East Malaysia and Kuala Lumpur and Putrajaya in Peninsular Malaysia).

⁷ It was said that Dato' Seri IdrisJusoh was not reappointed because the King of the State of Terengganu, TuankuMizanZainalAbidin, who was also the Yang DiPertuanAgong then, did not agree with the reappointment for uncertain reasons, although Dato' Seri IdrisJusoh reappointment was supported by the then Malaysian Prime Minister Abdullah bin Haji Ahmad Badawi and 23 of 24 Members of the Terengganu State Assembly.

⁸ See Muhammad SyukriSalleh (1999b, 1999c, 2000, and 2013).

What is Islamic Political Economy?

Islamic political economy comes into existence quite recently, though political economy itself is already an established discipline. To our knowledge, Islamic political economy was born into academic discourse just in late 1990s, while political economy was developed in the 18th century, well before the term 'political economy' was replaced by the term 'economics' in late 19th century⁹. According to Kuruma (1954), the first to introduce a scientific system into political economy was Francois Quesnay, the founder of the physiocratic school in the mid-18th century. This was followed by Adam Smith, David Ricardo, Karl Marx, Thorstein Veblen, John Maynard Keynes, Joseph Schumpeter, Joan Robinson, Gunnar Myrdal and John Kenneth Galbraith (O'Hara, 1999:483).

Originally, political economy refers to the study of the economies of states and polities. It was used to study production, buying and selling, and their relations with law, custom, and government, as well as with the distribution of national income and wealth. Today, political economy most commonly refers to interdisciplinary studies drawing upon economics, law, and political science in explaining how political institutions, the political environment, and the economic system—capitalist, socialist, or mixed—influence each other (Weingast and Wittman, 2008)¹⁰. The term political economy now encompasses a wide range of disciplines, from politics and economy to sociology, culture, law, psychology, philosophy, *et cetera*. In some cases, the application of the principles of political economy on the combination of these disciplines has been studied, for instance sociology and philosophy to become social philosophy as has been done by Mill (2012). The study revolves around the production, distribution, and exchange of wealth and the influences of the progress of the society and the government on them.

All the above definitions of political economy could be simply encapsulated by the definition put forward by Encyclopedia Britannica (2013). It defines political economy as a branch of social science that studies the relationships between individuals and society and between markets and the state, using a diverse set of tools and methods drawn largely from economics, political science, and sociology. The elements of such a definition have been reflected in almost all writings on political economy. Amongst them are Caporaso & Levine (1992:45) that refers political economy to the method of proposing to state the management of economic problems; Deliarnov (2006:8-10) to the political process of analyzing economics; Jevons (2008:7) to the responsibility of state in treating the wealth of nation; Widjaja (1982:99) to guided economy meant to strengthen state's political ideology; Bascom (2009:12) to 'the science of wealth' and 'science of value'; Devas (2009:25) to the study of the relationship between science and economic laws; Staniland (1985:37) to the study of social theory and underdevelopment; and Shively (2011:8) to how the state and economy interact. All in all, political economy could be concluded to simply mean an analysis of the interaction between economic and politics (state) in ensuring an increase of the wealth of nation to fulfill social needs, using a trans-disciplinary approach.

If conventional political economy is defined as above, what is then the definition of the Islamic political economy? As mentioned earlier and shown below, unlike the conventional political economy, there are only a handful of literatures on Islamic political economy. From the limited numbers of literatures, one can sense that the definition of Islamic political economy too revolves around the economic-state interaction such as those of the conventional political economy. As argued by Mohammad A. Muqtedar Khan (1994:395), the economic-state interaction is possible as Islam does not segregate politics from economics. Masudul Alam Choudhury (1997a, 1997b:20) emphasizes on the economic-state interaction by arguing that the application of Islamic political economy is measured through the knowledge on the state (*shura*) and the sub-systems of the market. In fact, to some, Islamic political economy is basically viewed as a study of the economic impact of political actions and political impact of economic actions in Islamic state (Ghosh, 1997:41). It was stressed that the micro and macro social and political environment must facilitate the functionality of an Islamic economics system (El-Ashker and Wilson, 2006:400). The success and failure of Islamic banks could be one of the obvious examples of the importance of political (state) and economic integration.

⁹ The replacement was said to have happened in coincidence with the publication of an influential textbook entitled *Principles of Economics* by Alfred Marshall in 1890. However, the term political economy today is not used as a synonym for economics anymore. It has grown with its own meaning as is discussed above.

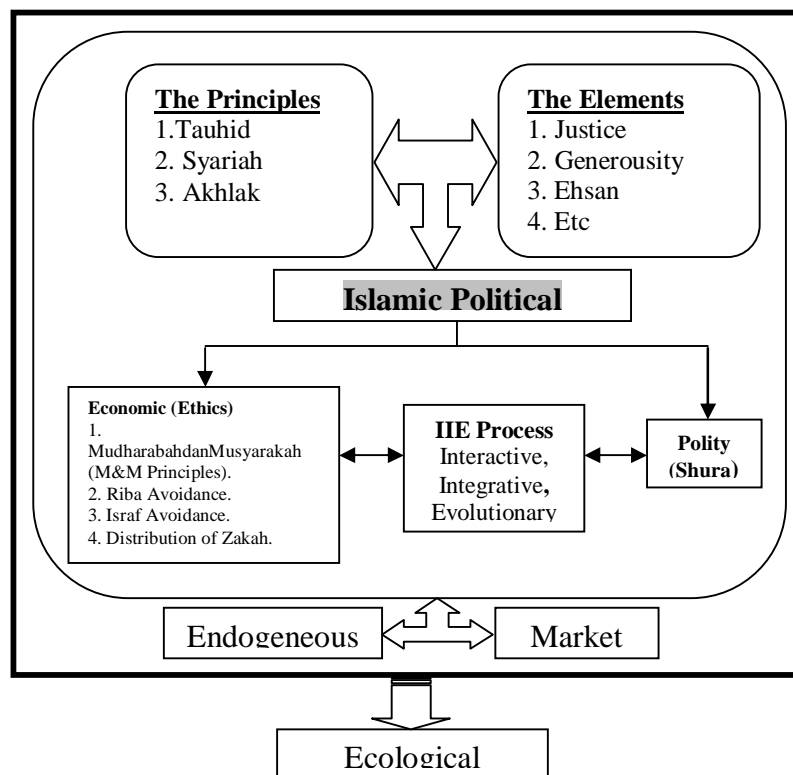
¹⁰ For a rather detailed evolution of the meaning of political economy, see Anonymous (n.d).

In Malaysia for instance, Islamic banks are said to have been successful because of the “political muscle and a government that is not unsympathetic to the Islamic cause”, combining with an Islamically conscious population (Ariff 1988:209). But in the Gulf States, some of the earlier pioneer of Islamic banks are said to have become stagnant because of the lack of government support (Radiah Abdul Kader and Mohamed Ariff 1997:263). In fact, Muhammad Umar Chapra (1992:118), supported by Mehmet Austay (2007:15) too agree how importance the political factors are in determining the failure of the Muslim countries in implementing a just Islamic development strategy.

Eventhough so, what is meant by economic and state in the Islamic political economy is different from those of the conventional political economy. The difference has been molded by their respective epistemological underpinnings. Unlike the western-ethno-centric epistemological underpinning of the conventional political economy, the epistemological underpinning of the Islamic political economy is based on the epistemology of the Qur`an. In fact, as argued by Masudul Alam Choudhury (1997b), this Qur`anic Epistemology acts as the underlying principle of the Islamic political economy. Ghosh (1997:43) outlines three important characters of this Qur`anic Epistemology. Firstly, it is an absolutist divine epistemology; secondly, it is a holistic system giving out not only the unicity of knowledge but also its continuity; and thirdly, it can be conceived of as a dialectical evolutionary process where Qura`nic-*Sunnatic* normative premise may appear as the thesis, followed by *Shuratic-Ijtihadi* antithesis, and finally giving rise to a synthesis at *Ijma`-Ahkam* stage.

The Quranic Epistemology is also referred to by Masudul Alam Choudhury (1997b) as Tawhid, the Unicity Precept and Unifying Epistemology. It is embedded in the universally interactive-integrative process embracing behavior and institutions, termed by Masudul Alam Choudhury (1997b) as Shuratic Process. To him, the Shuratic Process is also alternatively referred to as the circular causation and continuity model of unified reality. In simpler words, the epistemological underpinning of the Islamic political economy is Tawhid, the process is the interaction and integration of the behavior and institutions, and the methodology is based on consensus attained through *shura*.

Figure 1: Islamic Political Economy

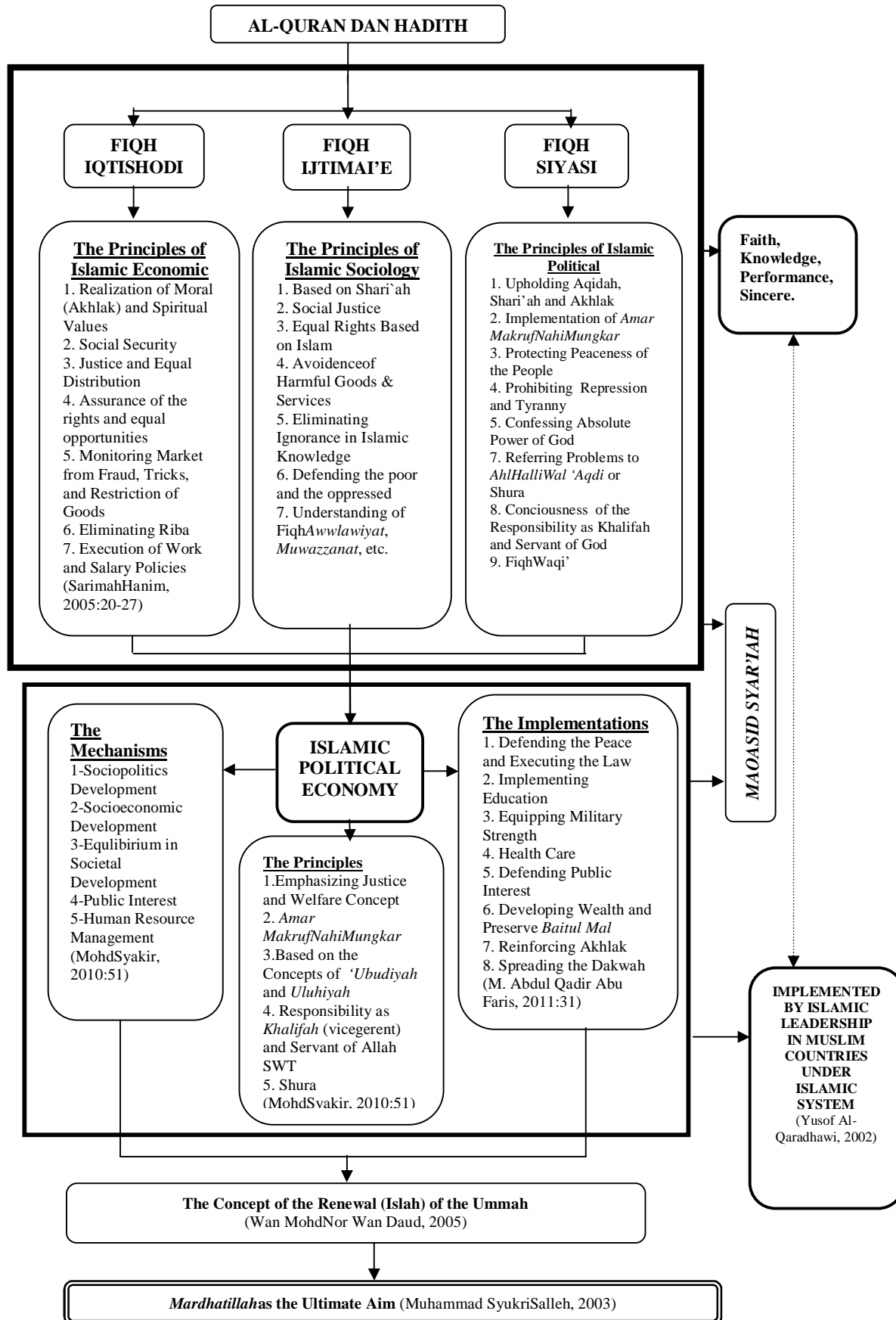


Sources: Developed from MasudulAlamChoudhury (1990; 1991; 1992a; 1992b; 1995; 1996; 1997a; 1997b; 1997c; 2000)

Based on the writings of Masudul Alam Choudhury (1990; 1991; 1992a; 1992b; 1995; 1996; 1997a; 1997b; 1997c; 2000), the definition of Islamic political economy could be summarized as is shown in Figure 1, with its principles consisting of Tawhid, Shari`ah and Akhlak, while its elements amongst others comprising of justice, generosity, and ehsan. The instruments of the Islamic political economy are the Islamic instruments such as *mudharabah* and *musyarakah*, while the pre-requisites are the avoidance of *riba* and *israf* as well as distribution of zakah, and the process is interactive, integrative, and evolutionary. The end result is an Islamic ecological system, entailing from the framework of the integration of endogenous and market, controlled by the process of polity, or termed as *shura*. In short, Islamic political economy is defined as a study of institutional and socioeconomic forces in the light of pervasively interactive, integrative and evolutionary processes. The base is Tawhidi epistemology, realized and explained by means of the tenets and instruments of Islamic law (*shari'a*) through *shuratic* processes (Masudul Alam Choudhury and Muhammad Syukri Salleh 1999:585).

The concept of Islamic political economy could be explained in further details through the one developed by Mohd Syakir Mohd Rosdi (2010). As reflected in Figure 2, he bases the Islamic political economy on three core disciplines, that is Islamic economy, Islamic sociology and Islamic politics. Each of these disciplines is understood respectively through *fihiqtishodi*, *fiqhijtima'ie* and *fiqhsiyasi*, based on their respective principles as listed in the Figure 2. The integration of these disciplines leads to socio-political development, socioeconomic development, public interest, human resource management, and conflict management. Their realization is based on the concepts of justice and welfare, *amarmakrufnahimungkar*, *ubudiyahdanuluhiyah*, renewal of the ummah (*islah*), and responsibility as vicegerent and servant of God guided by al-Qur`an and al-Hadith, with the ultimate aim of attaining the pleasure of Allah SWT (*mardhatillah*) so as the accomplishment of *al-falah* (happiness in this world and the Hereafter) is possible (MohdSyakirMohdRosdi, 2010:28). All in all, Islamic political economy may be defined as a study of the impact of the integrative interaction of the Islamic state (politics), economy and institutions that emerge from Tawhidi Epistemology and adopt Islamic instruments with *shuratic* decision-making, aimed to attain the pleasure of Allah SWT, the *mardhatillah*.

Figure 2: The Conceptual Framework of Islamic Political Economy



The Use of Tahaluf Siyasi in Islamic Political Economy with Special Reference to the State of Kelantan, Malaysia

Within the intermingling of the state-politics-economy-institutions that shapes the Islamic political economy, establishment of agreement or disagreement between parties involved seems to become an inevitable phenomenon. In such a situation, Islamic political economy provides an instrument called *tahaluf siyasi* to reach at an agreement, or to solve disagreement for an optimum benefit for the parties involved.

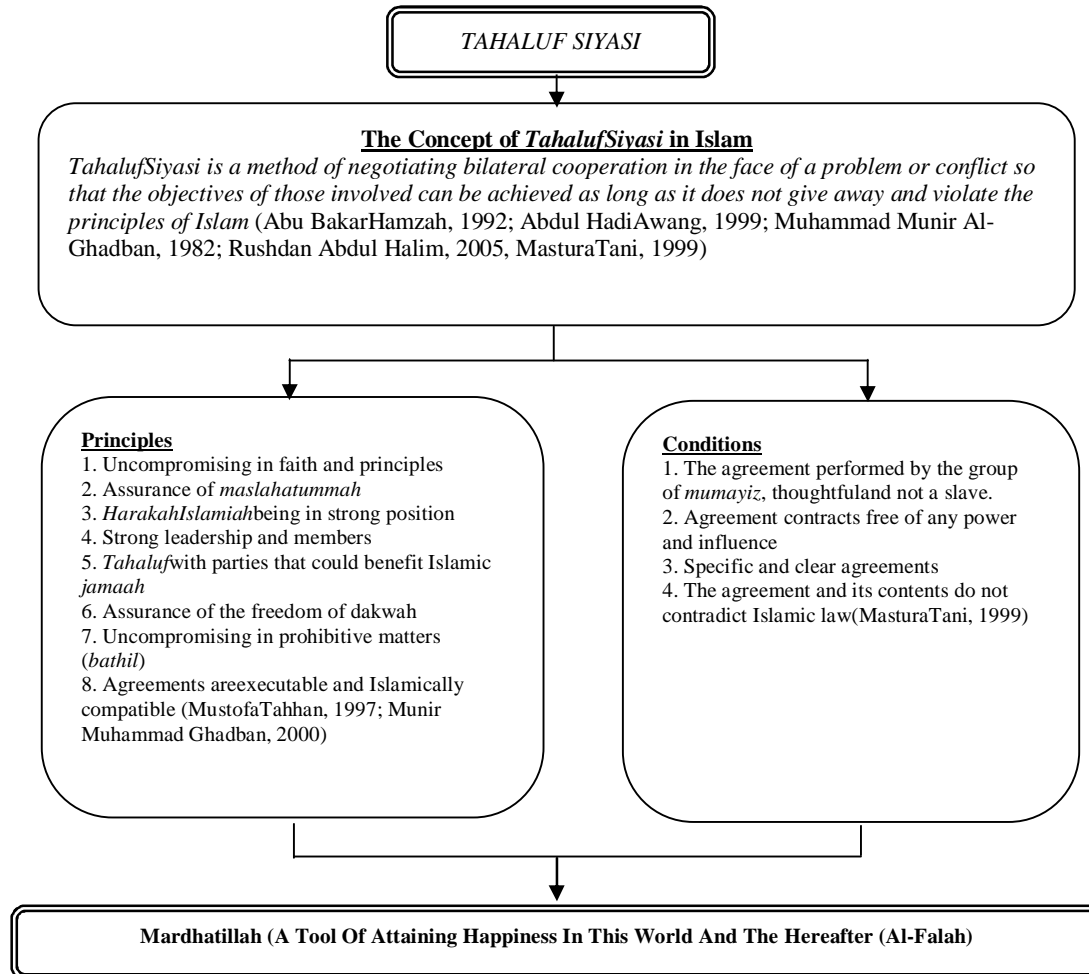
Tahaluf siyasi here simply means a pledge of understanding to cooperate and provide mutual helps to achieve certain agreed objectives (Mohd Syakir Mohd Rosdi, 2013a:187, 2013b:208), such as in facing a common bigger and dangerous enemy with the aim of upholding justice, prohibiting *mungkar* (prohibitive deeds) and enhancing *makruf* (commendable deeds) (Abdul HadiAwang, et. al. 1999), with Muslims or even non-Muslims to face common enemies (Abu BakarHamzah 1992). As shown in Figure 3, in short *tahalufsiyasi* can be defined as a method of negotiating bilateral cooperation in the face of a problem or conflict so that the objectives of those involved can be achieved as long as it does not give away and violate the principles of Islam (Abu BakarHamzah, 1992; Abdul HadiAwang, 1999; Muhammad Munir Al-Ghadban, 1982; Rushdan Abdul Halim, 2005, MasturaTani, 1999). The principles of *tahalufsiyasi* include uncompromising in Islamic faith and principles, assurance of *maslahatummah*, a strong position, leadership and members of the *harakahIslamiah* involved, benefitting Islamic *jamaah*, assurance of the freedom of dakwah, uncompromising in prohibitive matters (*bathil*), and executable and Islamically compatible agreements (MustofaTahhan, 1997; Munir Muhammad Ghadban, 2000). In addition, *the tahalufsiyasi* has to fulfill the following conditions. Firstly, the agreement has to be performed by a group of *mumayiz*, thoughtful and not a slave; secondly, the agreement contracts (*aqad*) have to be free of any power and influence; thirdly, there has to be specific and clear agreements; and fourthly, the agreement and its contents do not contradict Islamic law (MasturaTani, 1999).

The *tahaluf siyasi* has been practiced by Muslims since the time of Rasulullah SAW through a process known then as *hal al-fudul* (Mohd Syakir Mohd Rosdi, 2013b:206)¹¹. In contemporary world, one state where *tahaluf siyasi* could be the best example of relevancy for economic development is the State of Kelantan in Malaysia. The state has been ruled by Islamic Party PAS for already about 24 years, since 1990, but a real Islamic-based development is relatively much to be desired¹². The *tahaluf siyasi* is relevant for the State of Kelantan for at least three reasons. Firstly, the State of Kelantan is a State in Malaysia which is ruled by national opposition party PAS, *vis-a-vis* the Barisan Nasional-ruled Malaysia. Secondly, the management of the State's economic development is not fully controlled by the State government. Instead, there is also a Federal Development Department (*Jabatan Pembangunan Persekutuan*, JPP) to which the Federal development allocations are channeled and at which the allocations are managed. Thirdly, the development bureaucracy in the State of Kelantan is dualistic, consisting not only State agencies under the auspices of the State government but also federal agencies under the auspices of the Federal Government. The State government could only manage the accountability of the State agencies, but the Federal agencies are accountable to the Federal government of Malaysia.

¹¹ For a brief history of the practice of *tahalufsiyasi* in early Islam, see MohdSyakirMohdRosdi (2013).

¹² For discussions on the politics and political economy of the State of Kelantan, see Muhammad SyukriSalleh (1999b, 1999c, 2000 and 2013).

Figure 3: The Concept, Principles and Conditions of *TahalufSiyasi*



In consequence to the above situation, the State of Kelantan faces several constraints, especially financially. The State of Kelantan, like the other States in Malaysia, actually has the right to have financial assistance from the Federal government as well as petroleum royalty for being a petroleum producing State. But being an opposition State, the State of Kelantan has been experiencing delays, and in some cases Federal unresponsivity, in having the assistance, while the petroleum royalty has been changed by the Federal government from royalty to what is termed as *wangehsan* (compassionate payment fund), and channel to the Federal-controlled JPP rather than to the State government (Mohammad AgusYusoff, 1994).

In the case of the financial assistance, an application of a RM5 million loan from the Kelantan State government to build a bridge for instance was not approved by the Federal government (RokiahTalib, 1994). It was also reported that due to the financial constraints, many State’s development projects were slow and in some cases obstructed (Suhana Saad &Suraiya Ishak, 2010)¹³. According to the then Kelantan State Secretary Datuk Mohd Aiseri Alias, the Federal government has frozen a total of 118 projects in the State of Kelantan since the introduction of the 6th Malaysia Five-Year Development Plan in 1991, that is a year after the State of Kelantan falls to PAS (Khalil Idham Lim, 2010).

In the case of *wangehsan*, the then State’s Chairman of Economic Planning, Finance and Welfare Datuk Husam Musa used to complain when the Federal government was rumoured to have planned to give only RM20 millions to the State of Kelantan instead of RM40 millions agreed by the Chairman of Petronas (the national petroleum agency) Tan Sri Mohd Hassan Merican in a discussion on 8 January 2010 (Bernama, 2010).

¹³ This reality has also been confirmed by Muhammad Husain, a State Assembly Member of PasirPuteh, Kelantan in an interview at a restaurant in PasirPuteh on 6 December 2012.

However, in 2011, the Federal government has channeled a total of RM42.2 million of the *wang ehsan*, but to the JPP rather than to the State government. According to the Malaysian Minister for International Trade and Industry Dato Sri Mustapa bin Mohamed, the money has been distributed to amongst others 9,000 outstanding students in the State, and to 2,800 Kelantanese students that are being accepted into higher learning institutions. In the former group, outstanding primary schools students attaining excellent result in their primary examination (Ujian Pencapaian Sekolah Rendah (UPSR) were given RM100 each, while lower secondary students in their lower secondary examination (Peperiksaan Menengah Rendah (PMR) RM150 each, and to the upper secondary schools students in their upper secondary examination (Sijil Pelajaran Malaysia (SPM) RM200 each. In the latter group, all of them were given RM800 each (Bernama, 2011).

In such a situation, however, almost no *tahaluf siyasi* has been traced to have been used by the State of Kelantan in dealing with the Federal government. If there is any, one which could be considered as a compromise would be the State's development philosophy. The State of Kelantan is seen to have compromised the liberal capitalist-based development of the Federal government even though her dreamt Islamic-based development is at stake. This has to be so to fulfill the conditions for the Federal financial assistance. Avoidance of the contradiction between the State's development policies with those of the Federal policies may minimize the risk of having unfavourable repercussion¹⁴. Otherwise, the State of Kelantan may face further delay in getting annual allocations of compulsory grants, or a rejection of applications of loans, or refusal of the Federal government in becoming a guarantor of loans from foreign institutions, or movement of development projects from the State of Kelantan to other States, or refusal to approve government projects (AbRahman Ismail, 1999). Eventhough so, the compromise seems to be on the side of the State of Kelantan alone, not between both parties - the State and the Federal government – in a formal form as a *tahaluf siyasi* should be.

Instead, the PAS-led State of Kelantan seems to be more inclined to adopt its *tahaluf siyasi* with other parties rather than with the Federal government itself. This includes the provision of business opportunities to private sectors dominated by non-Muslims, even to multi-national corporations such as Tesco. Such a provision is hoped to be able to stimulate the slow pace of development in the State of Kelantan to a faster pace (Alias Mohamad, 1975). Doors of the State are also opened to non-Muslims to involve in economic, social and political activities. Such an allowance is not considered wrong, as to the State, it was also practiced by Muslims during the time of Rasulullah SAW¹⁵. However, no clear systematic documentation is found on the *tahaluf siyasi* relating to the involvement of non-Muslims in the State of Kelantan.

What could be considered as *tahaluf siyasi* is much more found in the politics of PAS, the political organization of the State of Kelantan. In facing the Barisan Nasional of the Federal government, PAS adopts what seems to be considered as *tahalufsiyasi* by joining a coalition pact known as Pakatan Rakyat with non-Muslims dominated Democratic Action Party (DAP) and mutli-ethnic People's Justice Party (Parti Keadilan Rakyat, PKR). Like PAS, both the DAP and PKR are the opposition parties in Malaysia. Their coalition therefore is much more of an opposition pact to face the same political enemy, viz. the Barisan Nasional of the Federal government, rather than on developing an Islamic-based economic development¹⁶. Prior to this, similar form of *tahaluf siyasi* known as Angkatan PerpaduanU mmah (APU) has also been held with PartiMelayu Semangat-46, Berjasa and Hamimto face the Barisan Nasional of the Federal government. The APU and PR coalition pacts have yielded in the victory of PAS in the State of Kelantan for six consecutive General Elections, from the 8th General Election in 1990 to 13th General Election in 2013, as well as in the State of Kedah and Perak in the 12th General Election in 2008 (Abdul Hadi Awang 2012). In the recent 13th General Election held on the 5th May 2013, however, PAS performance has decreased as it won the lowest Parliamentary seats, that is only 21 seats as compared to 38 seats won by DAP and 30 seats by PKR. PAS also lost the State of Kedah to Barisan Nasional.

¹⁴ Interview with Wan Nik Wan Yusoff, the Political Secretary of the Chief Minister of the State of Kelantan at KompleksPusatPentadbiranNegeri, Kota DarulNaim on 5 December 2012. The argument is similar to those of MohdFaridDato' Abd. Razak, the Chief Executive Officer of the Kumpulan Pertanian Kelantan Berhad (KPKB) interviewed in his car on the same date.

¹⁵ Interview with FadhliShaari, Media Secretary of the Chief Minister of the State of Kelantan at a restaurant near PasirTumbuh, Kelantan on 4 December 2013.

¹⁶ *Ibid.* Such as statement could also be found in his article (FadhliShaari, 2008) at kias.edu.my/tahalufsiyasi08.htm.

Another PAS, hence the State of Kelantan's attempt that could be considered as *tahalufsiyasi* is the change of PAS' struggle from establishing an Islamic State to establishing a Welfare State (Abdul HadiAwang, 2011). This change was declared by PAS President Dato' Seri Haji Abdul Hadi bin Awang at PAS 57th General Meeting (*Muktamar*) in 2011 with the aim of widening the space for political cooperation amongst opposition political parties, as well as providing more comfort to PAS non-Muslim supporters in fighting for respective issues¹⁷. This declaration was actually a reiteration of the same that has been done at the PAS 53rd General Meeting in 2007. According to the PAS President, however, the change of the struggle is just a change of name, while the principles and implementation method remain on Islamic base, such as those of an Islamic State (Abdul HadiAwang, 2011). In so doing, and even earlier in 2007, the State of Kelantan has been referred to as an example of the Welfare State (Abdul HadiAwang, 2007). As the State of Kelantan is ruled by PAS, the *tahalufsiyasi* adopted by PAS itself is understandably applicable to the State of Kelantan (Pusat Kajian Strategik Negeri Kelantan, 2011).

All in all, the usage of *tahaluf siyasi* in the State of Kelantan could be said to have inclined more to the arena of politics than to the arena of economic development, even though *tahaluf siyasi* is relevant to both arenas. This is happening in the midst of an awareness that both arenas are important for the development of the State, and *tahaluf siyasi* too, as an important instrument of Islamic political economy is much relevant in the situation of the economic development such as in the State of Kelantan. The landscape of the economic development in the State of Kelantan may be different if *tahaluf siyasi* is held directly with the Federal government, rather than with the opponents of the Federal government. As mentioned earlier, to date the Islamic economic development in the State of Kelantan remains much to be desired because of politics. The Islamic political economy, in spite of its relevancy in strengthening the Islamic economic development of the State, has almost been ignored.

Conclusion

The above discussion reflects the relevancy of the Islamic political economy in general and the *tahaluf siyasi* in particular, to economic development. In the earlier part of the paper, economic development strategies endeavored by DarulArqam, the States of Terengganu and Kelantan, or even by the Malaysian government itself have shown to have failed to sustain or develop because of politics. In the later part of this paper, a focus on the State of Kelantan proves that the instrument of Islamic political economy particularly the *tahaluf siyasi* could become an important instrument in mediating the interaction between the politics (state) and the economic development. However, the *tahaluf siyasi* in the State of Kelantan has been adopted more for political purposes than for economic development purposes. Like many others, the *tahaluf siyasi* as an instrument of Islamic political economy has been viewed as only government-to-government or anything relating to governmental affairs alone, without realizing that it is also relevant to economic development, as is shown in this paper.

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