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Holy Scarcity and the Management of Mecca

There are three stone pillars in the city of Mina, just east of Mecca. During the Hajj, pilgrims must strike one of the three *jamraat* with seven pebbles. In the subsequent days they must return and stone each of the pillars, with pebbles no greater than the size of a chickpea that they find in the plain nearby or in Mina itself. Pilgrims collect at least 49 such pebbles, keeping them in a small pouch as they perform their other religious duties.

"The stoning of the devil" is a ritual that is a key part of the Hajj pilgrimage, which is a religious obligation all able-bodied Muslims who are capable of doing so must complete at least once in a lifetime.[1] It is such an important act that some Muslims change their name afterwards, adding the honorific *al-H* or *hajji*. In parts of the Arab world families of returned hajjis paint murals on their homes to alert their neighbours to the pilgrim in their midst.[2] Throwing the stones symbolises the actions of Ibrahim when he faced the trial of sacrificing his son, Ismail, upon the commandment of Allah. The pillars represent each of the three places in which the devil tried to dissuade Ibrahim from carrying out Allah's will.

The House of Saud gained possession of Mecca in 1926, an event that was crucial to the creation of the kingdom of Saudi Arabia. At the time, only 100,000 people a year undertook the Hajj pilgrimage, a number which could still be easily accommodated by the precincts of the Grand Mosque and the vast landscape of the Mina valley beyond. However, in subsequent decades the number of pilgrims increased. By the 1950s, the volume of pebbles thrown at the pillars was becoming a logistical concern. The government constructed small walls surrounding the pillars that could act as basins to capture the falling stones, easily removable once the pilgrims had finished their rites and departed.[3]

By the 1960s, the House of Saud had constructed a simple one-storey bridge around the pillars. This allowed the crowd to stone the devil from the ground or the bridge, increasing the capacity such that 100,000 pilgrims could move through the area each hour. However, by the 1980s, this was insufficient. The global Muslim population was rapidly increasing, and inexpensive air travel suddenly made the Hajj accessible to a greater number of pilgrims. In the 1980s, Mecca hosted over a million pilgrims for the first time. Inexorably, year after year, the numbers kept increasing. In 2012 the Hajj received its highest number of pilgrims ever – over three million.


Figure 1: Stoning of the devil 1942

At these numbers, the Jamart becomes a bottleneck. There are now four levels of bridges to accommodate the pilgrims, with a fifth planned that will accommodate an additional 400,000 pilgrims an hour.[4] Conveyor belts now replace the concrete basins. They whisk away up to 50 million pebbles a day, depositing them in dump trucks which drive them back out to the plains, ready to be reused the next year.

Crowd crushes are now an endemic threat that plagues the Hajj. In 1990 1,426

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pilgrims died in a crush in a tunnel that connects Mecca with the Mina valley.[5] Throughout the 1990s and early 2000s, multiple incidents occurred in which dozens of people – on some especially tragic occasions, hundreds – died during the ritual. The worst year on record was 2015, when more than 2,400 pilgrims from all over the world lost their lives in a crush that lasted just ten minutes.[6] As the Hajj becomes ever more accessible and the global population of Muslims ever larger, the infrastructure of Mecca and the Mina valley is ever more stretched.

These tragedies reveal the ongoing paradox at the centre of the Hajj: while on an individual level the pilgrimage to Mecca has become simpler and more attainable, this has had two complicating effects. Firstly, the logistics of managing the pilgrim population have become more difficult; simultaneously, a rise in accessibility of the Hajj has led to a rise in demand, and a concurrent rise in price. This reality has forced fundamental changes to Islamic finance, as the global Muslim population tries to save for this important spiritual journey. It is also changing the economy of Saudi Arabia itself, as controlling Mecca becomes central to the economic fortunes of the kingdom. The Holy City has become a textbook example of a finite resource that is becoming overstretched in the face of exponentially increasing demand.

The medieval Hajj

Managing the Hajj has never been easy. The significance of Mecca to Muslims – who orient their prayer mats to pray in the direction of Mecca from wherever they are in the world – has guaranteed the region a strategic importance. To control Mecca is to control a cornerstone of Islamic spiritual life.

Four thousand years ago, the valley of Mecca was dry and inhospitable. In 2000 BCE Ibrahim's (Abraham as he is known in the Old Testament) wife Hagar was stranded in the desert with their infant son Ishmael. The child was close to death with thirst, and his mother was scouring the desert in vain to find water for him. Muslim creed states that the angel Jibril (Gabriel) then appeared before her and created a spring for the infant, known as the Well of Zemzem. In commemoration, Allah instructed Ibrahim to build a monument at the site, known as the Kaaba.

Mecca became an oasis in the desert. The city grew in commercial importance as a key stopping point on the caravan routes that connected the Mediterranean world with South Arabia, East Africa and South Asia.[7] During this time, the Kaaba became a holy site not just for Muslims, but for adherents to many spiritual traditions; Mecca, a staging point for travellers and traders from across vast distances, was a diverse and polytheistic place. In 570 the Prophet Muhammed was born in the city, though he fled in 622. Eight years later, in 630, Muhammed led the first Hajj pilgrimage to Mecca to clear the site of the idols placed there by the followers of other faiths. In so doing he reconsecrated the site for Allah. The journey his followers took is the same path that modern pilgrims tread today.

In the years after the death of Muhammed, Mecca fell to the Umayyad dynasty; when, in turn, the Umayyad fell, Mecca entered the hands of the Abassid Caliphate of Baghdad in 750.[8] In around 780, a 900-mile road was constructed to connect Iraq to Mecca and Medina, making the journey marginally less treacherous. Entrepreneurs and administrators constructed eating houses and wells along the route. The journey was still far from easy, though the difficulty varied year-on-year. Various invasions disrupted the Hajj over the following centuries, and in 967 an outbreak of the plague curtailed the pilgrimage. A few decades later, famine and drought similarly halted the overland routes.

Mecca's spiritual significance has long been compounded by its economic importance: it intersects with historically important trade routes, and control of it has always been profitable. It continued to change hands over the coming centuries. In 1265 Mecca was loosely taken over by Egyptian Mamluks; it remained Mamluk territory until 1517, when the Ottoman Empire took the city, crowning their leader Selim I as the "Custodian of the two holy mosques".[9] The title of Caliph, or successor to the Prophet Muhammed, was an important one.[10]

Ottoman Mecca

By taking control of Mecca, the Ottoman Empire assured its place as the supreme leader of the Islamic world. When the Ottomans arrived at the gates of the city, the Sharif had little choice but to acquiesce to Selim I's rule. Over the centuries, the Ottomans would come to shape Mecca and in turn be shaped by it; the history of their rule shows that many of the management issues of the Holy City are perennial.

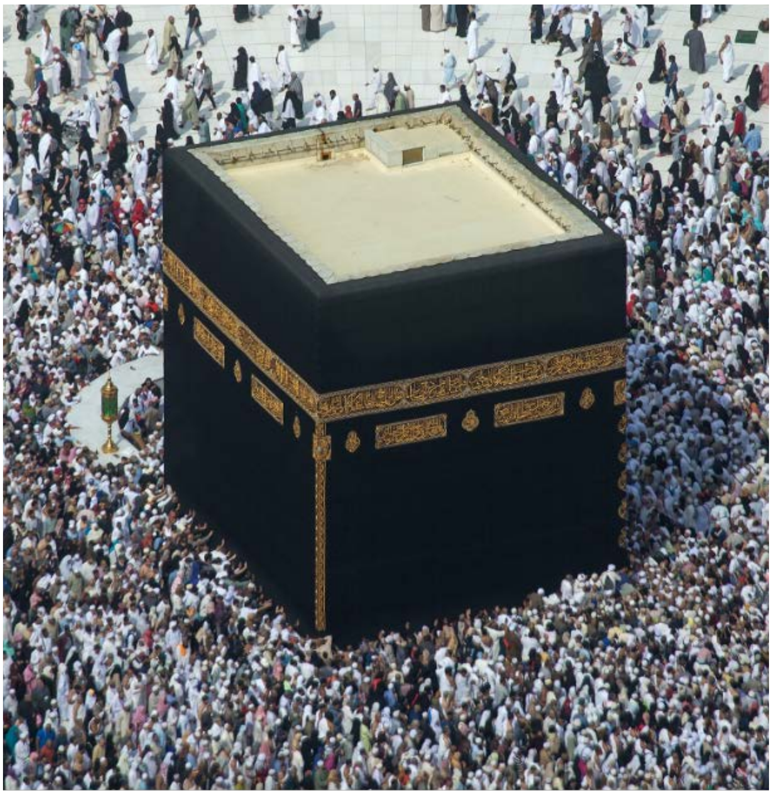

Figure 2: The Ka'abah

In the early centuries of Ottoman control, Mecca was maintained by levying taxes. The Ottomans created the position of Emir Al-Hajj, typically held by a military man, to oversee the pilgrimage and ensure its safe passage along the overland routes through the desert. He was entrusted with the gold and tithes owed to the Sharif, the leader of the city of Mecca itself; he was also responsible for paying off the Bedouin tribes and warding off other potential threats in the desert.

Mecca has always demanded continued investments. In 1571 the Great Mosque at the centre of Mecca was renovated by decree of the Ottoman Sultan Selim II; features of the renovation are still visible today. In 1626, the Kaaba was rebuilt after heavy rain caused a collapse. Allowing the Holy City to fall too far into disrepair (or worse – losing control of it altogether) would have undermined a regime that had Islam so firmly at its centre.[11]

Beyond the city walls, the pilgrimage itself changed. Historically, the majority of pilgrims travelled through the desert, taking at least six arduous weeks to arrive at the Holy City. They first gathered in a handful of cities, such as Damascus and Cairo, clubbing together in an effort to make the most treacherous part of the journey a little safer. In these cities a small but lively pilgrim industry developed to serve travellers.

By the 19th century, however, new global infrastructure was changing the way the world travelled. In 1869 the opening of the Suez Canal shortened the sea voyage, opening up Mecca to a greater share of the Muslim world.[12] In general, pilgrims rarely travelled by sea, as the routes were notoriously treacherous. This wasn't just due to storms: in 1502 the Portuguese colonist Vasco da Gama, vying for lucrative trade routes, captured a ship of pilgrims returning from Hajj and set it on fire, killing hundreds.[13]

The opening of the Suez Canal, however, eased the journey, opening Mecca to pilgrims travelling from the Maghreb and Indian subcontinent. Control of the canal and its steamships was initially the sole preserve of the British, who made little accommodation for the pilgrims. However, as time wore on the lucrative potential of the Hajj became clearer, and entrepreneurs and states struck deals with governments with large Muslim populations.[14] The Hajj was becoming a global phenomenon, connecting the entire Islamic world.

Developments continued. In 1908 the Ottomans opened the Hejaz railway, connecting the city of Damascus with Medina. The railway spanned 1,300 km, and ended the era that demanded six weeks of camel caravans through the desert; pilgrims could now complete the trip in four days.

In 1916, with the Ottomans preoccupied by the Great War, the Holy City began to go its own way. Emir Hussein bin Ali, Mecca's Sharif, declared himself "King of the Hejaz", a title which also made him king of the Arab lands (*malik bilad-al-Arab*).[15] He was loosely supported in this by the British; the loss of Mecca precipitated the fall of the Ottoman Empire, which was the opening salvo of the Arab Revolt.

Bin Ali's decision to name himself King of the Hejaz deeply angered Abdulaziz ibn Saud, who ruled a kingdom situated in Riyadh. Tensions had long existed between Bin Ali and ibn Saud. Quickly filling the vacuum created by Bin Ali's loss of British support, ibn Saud took control of Mecca in 1925, crowning himself the following year King of the Hejaz. By doing so, he came to unite a large swathe of the Arab world under the banner of Wahhabi Islam. This deft move created the Kingdom of Saud, or what is known today as Saudi Arabia. Once again, control of Mecca cemented the creation of a kingdom.

The same issues that had characterised Ottoman rule of the Holy City – its central importance to global Islam, ensuring the upkeep of the religious monuments and ensuring safe and easy access to them for the world's Muslims – are the same issues that the Saudi kingdom is dealing with today. The primary difference is that for the Saudis, the stakes are much higher. There are more Muslims than ever seeking to travel to Mecca; and the political and economic implications of that fact are both inextricably linked and far-reaching.

A duty and an asset

Under the Saudis, Mecca modernised. By the 1920s, car travel had made the desert trek less lengthy and costly, but the numbers of pilgrims were still low. In 1929 the Hajj registered only 66,000 pilgrims.[16] But the fortunes of Saudi Arabia (and, by extension, of Mecca) were about to change. In 1933 ibn Saud signed a Concession Agreement with the Standard Oil Company of California. In 1938, the aptly named Prosperity Well was discovered. At first its returns were modest, providing roughly $200,000 in annual revenue. By 1953, the well was producing $2,500,000 a week. The kingdom and Mecca would never look the same.

Figure 3: Ibn Saud

The existing infrastructure of Mecca, which administrators had left largely unchanged since the Ottoman Empire, was sufficient to cope with 66,000 pilgrims. But as the fortunes of the Saudi regime grew, so too did the ability of the Islamic world to make the Hajj pilgrimage. Globally the Muslim population was rapidly increasing, and the cost of international travel was falling . Low-cost aviation was suddenly more accessible than ever before. In 1973 the Saudis expanded the Grand Mosque so that it could accommodate 500,000 pilgrims at any one time.[17]

In 1981, Jeddah international airport opened a dedicated Hajj terminal, with regular transit coaches delivering pilgrims directly to Mecca, 43 miles away. Soon after, the number of Muslims undertaking the Hajj reached a million for the first time. There was a reciprocal relationship: more pilgrims meant more infrastructure – which, in turn, meant more pilgrims.

In 1986, the Saudi king expanded his title to include "Custodian of the Two Holy Mosques", a revival of the epithet that sent a clear message: Mecca belonged to the Saudis.[18]

With the symbolic importance of Mecca now firmly shouldered by the king, in the late 1980s the regime expanded the Grand Mosque to raise its capacity to almost a million pilgrims at a time. Overseers began to reform the Mina valley, marshalling the annual, ad hoc scrabble of canvas tents into a tight grid. Mina was also connected to Mecca by a 600-yard, air-conditioned, subterranean tunnel – in which, just a few years later, a crush would kill 1,500 pilgrims.

More pilgrims demand more accommodation. Furthermore, pilgrims do not just travel to Mecca for the Hajj. Although Hajj is the largest congregation of pilgrims on earth at any given time each year, they can also travel to the Holy City at any time to participate in the *Umrah*. The *Umrah* is a less spiritually important pilgrimage that a Muslim can undertake at any time in the year, whose rituals are solely confined to the Great Mosque. In the next few years, the number of pilgrims undertaking *Umrah* reached 15 million annually.[19]

To accommodate all these pilgrims, the architecture of Mecca has dramatically changed. As one writer put it, the city was transformed into "a gaudy Las Vegas-style religious-tourism city".[20] The state demolished buildings that were centuries old and handed out lucrative contracts to the Saudi Bin Laden group, which has conducted the majority of development works in the Holy City. The most famous amongst these projects is the Makkah Royal Clock Tower: modelled loosely on London's Big Ben, it is the world's fourth highest building at 1,972 ft. It looms imposingly over the Great Mosque.

Figure 4: Makkah Royal Clock Tower

As one real estate buyer, Mohamed Saed al-Jahni, told the BBC: “I have been investing in this sector for 35 years. I remember when I first sold a metre of land in Mecca for just 15 rials ($3); now it has reached 80,000 rials ($22,000).”[21] Demand is especially high for accommodation during the Hajj, but the year-on-year expansion of the *Umrah* and the investment made by the Saudis to promote it have meant that Mecca is now a lucrative prospect year-round. The Holy City’s investment has continued: in 2018 the Saudi government approved $10bn in funding for megaprojects to increase capacity in Mecca, with the aim that within the next decade over 30 million pilgrims a year will be able to visit for the *Umrah* and Hajj.

Mecca’s development is a manifestation of market dynamics. Demand for the Hajj increases as it becomes more affordable. Supply within Mecca is naturally limited – there is, after all, only one Grand Mosque. However, it is already overshadowed by the world’s fourth highest building, and the surrounding hotel and apartment complexes that have risen to house the ever-increasing pilgrim population.

Mecca is now more than just a symbolic asset for the Saudi kingdom. It is one of the vital cornerstones of the Saudi economy.

In the 21st century, oil revenue has been on a sharp decline: supplies of the finite resource have dwindled, and global demand has shifted in a more renewable direction. The Hajj and *Umrah*, however, are bringing in an estimated $12bn-16bn annually for the government.[22] This makes it the second largest industry for the Saudi economy – after, of course, hydrocarbons.

Unlike oil, which is a shrinking resource, the global population of Muslims is increasing. In 2010 there were roughly 1.6 billion Muslims globally; by 2050 it is estimated there will be 2.76 billion (Figure 1). It is the religious obligation of each of these people to visit Mecca for Hajj at least once in their lifetime, and there is no limit to the amount of times they can visit for the *Umrah*. The Saudis have tapped a new prosperity well.

A pilgrim’s journey

It is the duty of any able-bodied Muslim who has the means of doing so to attend the Hajj. However, the required means have changed significantly. No longer does it involve months of international travel, much of it on foot across an unforgiving landscape. Instead, the world’s middle-class Muslims – a much-expanded segment of the population – can simply fly. Changes to both demographics and infrastructure have brought the Hajj within reach of more prospective pilgrims than ever before. Paradoxically, this has made it harder for the majority of Muslims to achieve.

In the late 1980s, the number of annual pilgrims surpassed one million, and crowd crushes emerged as a real and present danger. In response, the Saudis implemented a quota system. The system offered a Hajj visa to all nations, with one offered for every thousand Muslims in a nation’s population. The aim of the quota system is to equalise the opportunity of access to the Hajj across the Muslim world, and to prevent richer nations from monopolising access to the Holy City. It means, however, that this once-in-a-lifetime journey is now not simply an undertaking that a person might embark upon when they feel ready, but rather when they are called upon after having spent years – or in some cases, decades – on a waiting list.

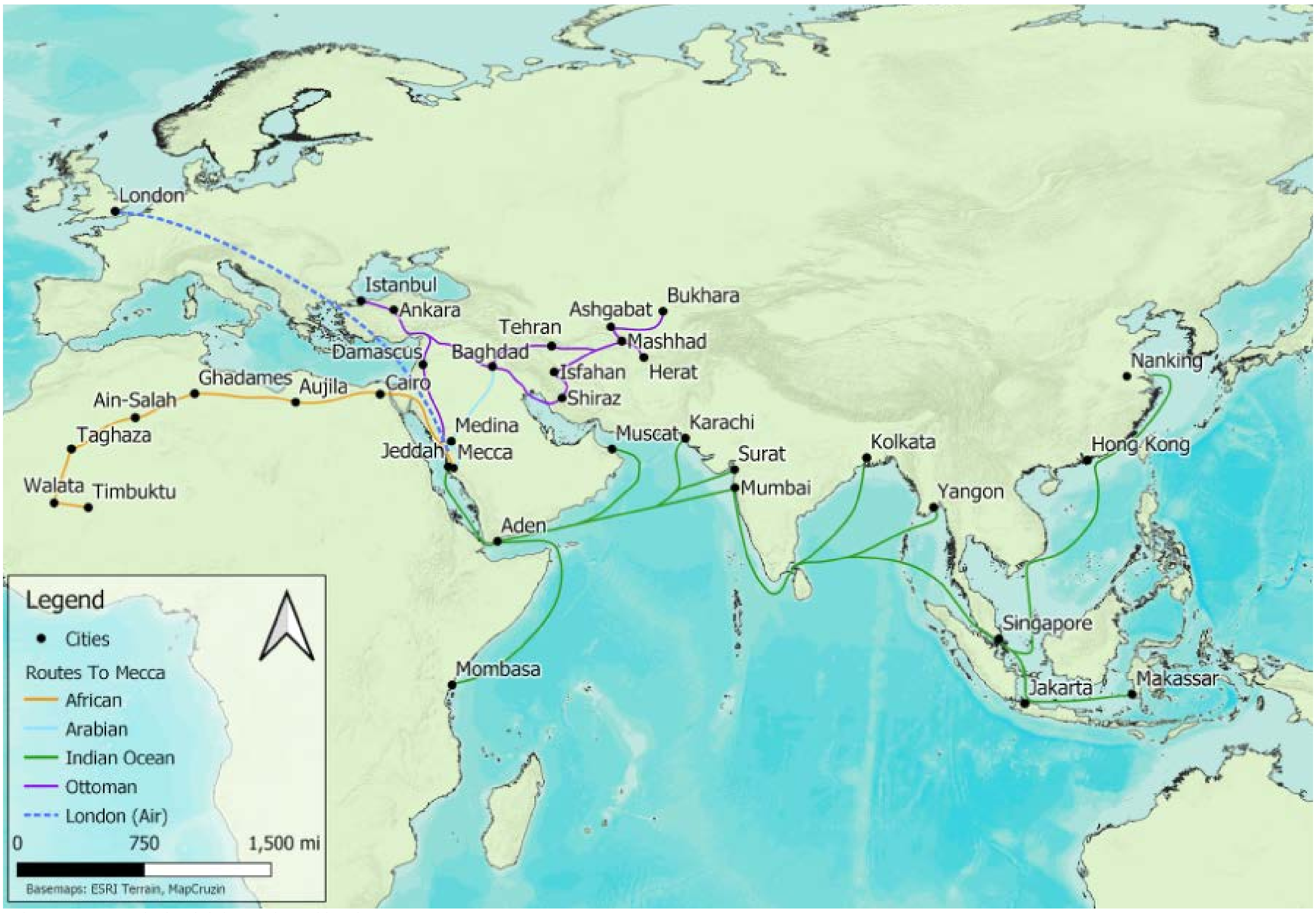

Figure 5: Global historic pilgrimage routes

This has fundamentally altered the traditional financing of the Hajj. Pilgrims have traditionally saved over their lifetime to be able to attend the Hajj and, when the time came, would divest themselves of assets to be able to pay for the long journey. Now that the year a person undertakes the Hajj is not determined by the individual but by the auspices of the quota system, it is even harder to make long-term financial preparations.

Financing the Hajj

The Hajj is not cheap. In the hotels closest to the Grand Mosque, basic rooms go for at least $700 a night.[23] In the UK the average tour package for the Hajj is £4,750, and for the *Umrah* the equivalent figure is £1,050.[24] To put these figures in context: half of British Muslims live below the poverty line, with incomes of less than £270 per week per household.[25] Affording the Hajj is no mean feat, even in a comparatively prosperous country like the United Kingdom.

This is complicated by the fact that the Islamic faith has strict mandates on finance. *Riba* (charging interest on loans) is *haram* (forbidden by faith); in the view of Islam, money is merely a means of exchange and therefore has no intrinsic worth that would permit it to accrue in value simply for existing. Interest is therefore regarded as an unjust driver of inequality. This means that traditional banks and financial institutions are unavailable to many Muslims (though adherence to this rule is often flexible).

This problem actually precedes the quota system, though it has brought it into sharper focus. In the 1950s Professor Ungku Abdul Aziz, a Malay economist, embarked on a multi-year research project into the economic life of Malay's Muslim population. He concluded that the Malay Muslim population's primary motivation for saving was to fund the Hajj pilgrimage. Fear of *riba* made them avoid saving through banks and forced them into saving through ad hoc means (such as literally hiding paper money, or selling off their assets just before the Hajj). Banks may be imperfect, but the mattress method is almost always riskier.

To rectify the situation, the professor suggested setting up a lender capable of operating as a sharia-compliant institution to facilitate the Hajj for Malay Muslims. The fund would operate to guarantee pilgrims' savings, like a bank, but would avoid *riba* and investing in *haram* industries, like tobacco or pornography. This fund did more than just make the Hajj accessible: it also created a new mega-fund in Malaysia that wielded outsized importance over the whole economy.

Lembaga Tabung Haji (also known as the Pilgrims Management and Fund Board of Malaysia, or Pilgrims Fund) was incorporated in 1962. The fund has two main aims. The first is to actively facilitate the Hajj for pilgrims by organising their transport, accommodation and other needs for the pilgrimage. Since the imposition of the quota system by the Saudi kingdom, the Pilgrims Fund has also been responsible for managing the waiting lists of pilgrims. The second has been to manage the assets of the fund and grow them in such a way that they are compliant with Islamic financial principles and able to cover the ever-increasing cost of the Hajj for the pilgrims themselves.

In 1963 the Pilgrims Fund had only 13 employees and managed 5,000 pilgrims, who travelled by steamship. The Pilgrims Fund today manages over 30,000 pilgrims annually, who travel by air aboard its own chartered aircrafts. It manages its own hotels – both in Malaysia for pre-pilgrimage departure and within Saudi Arabia for travel transit management. It has medical facilities to support pilgrims on their journey.

The fund has also massively expanded. The Pilgrims Fund now manages 50% of the savings of Malaysia's entire Muslim population.[26] In the 1980s the fund diversified to cover industries such as agriculture, construction and manufacturing. By the 2010s, the Pilgrims Fund had established 17 subsidiaries with direct investments made from savers' deposits, encompassing such diverse sectors as finance, plantations, construction, telecommunications, utilities, property development, oil, gas and others.[27]

Malaysia is a Muslim-majority nation, with 61.3% of the population practising Islam. That the Pilgrims Fund manages half of *all* the savings of this population makes it a significant force within the entire economy. That its subsidiaries are invested in key industries throughout Malaysia and abroad has also meant that the fund is an important player in global finance. The need to fund the Hajj has birthed its own large and complex financial structures.

The returns on the Pilgrims Fund's investments are used to subsidise the Hajj. In 2018, the total cost for the average Malaysian Muslim to perform Hajj was roughly $5,500.[28] For a Malaysian pilgrim performing their Hajj for the first time, the cost was capped at $2,500 per person in 2013; the Pilgrims Fund covers the remaining costs.[29] The fund also pays dividends on the profits of its investments. Because of its strategic importance and connections, the Pilgrims Fund has been a favoured partner for foreign direct investment into Malaysia, guaranteeing it strong returns. In the 1990s the annual average dividends it was able to pay its depositors stood at 8.5%.[30] However, this has fallen in recent years: in 2017 it paid 6.25%.[31]

The Pilgrims Fund is a complex entity, neither traditional bank nor traditional fund manager. On its liability side it looks like a bank: its liquidity comes from depositors whose money can be withdrawn at any time and whose capital is guaranteed. However, due to *sharia* law and the Pilgrims Fund Act in Malaysia, it is unable to take on borrowing to fund its activities, meaning that its liquidity is entirely based on deposits and the return on its investments. Moreover, because of the inability of the bank to lend money that could incur *riba*, its investments make it behave like a fund manager from the standpoint of its assets. It invests in financial instruments (like bonds and equities and money market funds) and fixed assets (such as property).

However, because of the rules of Islamic investment, most of the Pilgrims Fund investments are in non-liquid and long-term assets. Considering that depositors can request their money returned to them at any time, this means that the Pilgrims Fund has to balance maturity and liquidity risks carefully, constantly trying to ensure that it holds enough cash reserves and liquid assets to weather a crisis.

At its core, the Pilgrims Fund seeks to respond to the market dynamics that make the Hajj a challenge for any Muslim – the finite space of Mecca and the growing global population of Muslims seeking to visit. The response to this problem that the Pilgrims Fund represents – an Islamic financial creation to meet the supply and demand issues around the Holy City – makes it worth considering when analysing the role that culture and history play in shaping markets.

Similar funds exist across the Muslim world. In Indonesia, which at 220 million has the largest Muslim population of any nation, a haji regime was established in the 1970s that centralised resources and authority in the Ministry of Religious Affairs. In Indonesia the government has monopolistic control over administration of the Hajj. Indonesian Muslims who plan to perform Hajj are required to make a down payment of the equivalent of $2,200 in the local currency, Indonesian Rupia. Their pilgrimage typically accrues after twelve years on a waiting list.[32]

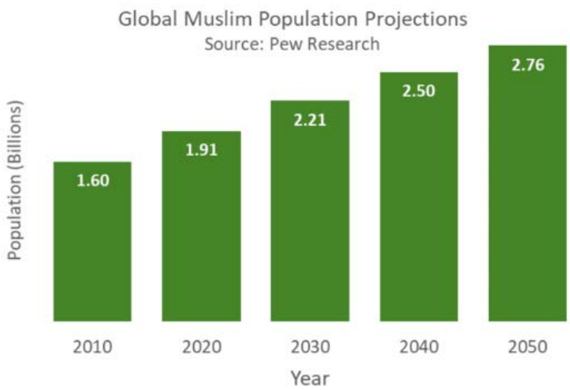

Figure 6: Global Muslim population projections

In 2018, the Hajj Fund Management Agency in Indonesia managed $7.6 billion in assets.[33] Like the Pilgrims Fund, the Hajj Fund Management Agency in Indonesia uses its profits to subsidise the Hajj for the sake of accessibility. The actual cost of performing the pilgrimage is 50% more than the pilgrimage fees required by law; as such, the fund is forced to make investments that can cover this shortfall.[34]

Each nation is given autonomy by the Saudis as to how they allocate their visa quota. In Malaysia the only way to attend the Hajj is to get a visa through the Pilgrims Fund.

In Indonesia, however, 10% of the total allocation each year is given to the private sector, amounting to roughly 20,000 visas – ameaning that the wealthy are able to purchase them at highly inflated rates. Pakistan has a 50/50 public/private split, while in Bangladesh 90% of the allocation is given over to the private sector.[35]

The quota system and the innovative financial instruments created to meet the demands of the global Islamic community will have a lasting impact on global finance. The Maldives launched its own fund in 2013.[36] In Nigeria, despite the allocation of roughly 95,000 visas a year by the Saudis, only 34,798 managed to make the journey in 2018, primarily due to the cost.[37] There were 109 million Nigerian Muslims in 2018, meaning that only 0.032% of the population made it to Mecca.[38] Nigeria's Muslim population is likely to continue to grow, and the nation is on track to be the world's third largest by 2050. To rectify the situation, the National Hajj Commission of Nigeria recently launched the Hajj Savings Scheme, a new contributory platform designed to enable Muslims to open a savings account in preparation for Hajj. In the private sector, Islamic financial technology groups like Wahed Invest are also creating a diverse range of *sharia*-compliant financial products.

While these products are innovative, Islamic finance is at heart no different to any other kind. It is subject to significant risks. What many of these national funds do is essentially put the spiritual obligation of the Hajj up as collateral against the continued participation of consumers in the funds. This means that the risk is not merely financial, but spiritual. Its obligation to its customers – Muslim Malays seeking to enact their sacred duties – is particularly significant.

In short, the stakes are high. In 2016, letters from Tan Sri Zeti, Governor of the Central Bank of Malaysia, to the Chairman of the Pilgrims Fund and the Prime Minister were leaked, by an unknown source, to a blog. They became front-page news.[39] In the letters the Governor implored the PM to step in to ensure greater oversight of the Pilgrims Fund and bring the board of directors under greater control. She warned, damningly, that the Pilgrims Fund was close to being unable to meet its duty to the pilgrims of Malaysia, and was approaching insolvency.[40]

As one blog noted, the Pilgrims Fund was no longer a pilgrims' fund – it had become a "piggybank for powerful players in Malaysia".[41] The problem is structural. As more Muslims in Malaysia have entrusted their savings to the Pilgrims Fund the institution has grown, but so has its obligation to ensure that the shortfall between pilgrims' savings and the cost of the Hajj is covered. It has therefore engaged in riskier investments and courted bigger institutional players. At the time of the scandal, one Malaysian political analyst estimated that 5% of the depositors, typically large institutional investors or extremely wealthy and politically connected individuals, had come to control 75% of the total funds.[42] To appease them, the Pilgrims Fund had started paying out higher dividends and bonuses – but these ate into the fund's capital. By 2019, the government had to bail out the fund to redress the shortfall.[43]

This wasn't the only issue. The Pilgrims Fund has been implicated in environmental scandals, after investing in palm oil plantations across Malaysia in formerly protected nature reserves.[44] The need to ensure returns on its investments while remaining sharia-compliant has led the fund to seek returns in grey areas of the economy. The simple financial institution that was envisaged in the 1960s is now a complex financial heavyweight operating at the highest levels of the Malaysian economy. This means that it also falls victim to politics. Alongside its shaky capital reserves and environmental issues, in 2015 the Malaysian press revealed that it had been overpaying 1MDB, the government's development fund, for plots of land – apparently to help bail out the government during the tenure of the corrupt President Najib.[45]

There is an interesting parallel here between the Holy City, which has become a significant financial asset to the Saudi kingdom as it tries to diversify away from oil, and the creation of pilgrims' funds. These funds end up operating in a manner not dissimilar to the sovereign wealth funds of nations like Norway or Abu Dhabi, who have tried to create a sustainable financial model that can guarantee continued returns into the future once their scarce natural resources are depleted. By piling the wealth accrued from fossil fuels into these funds, they hope to ensure continued prosperity. The Hajj, which has a scarce resource at its core, becomes another economic problem – one which is also seeing complex financial institutions arise to ensure continued prosperity through investments.

The cost of faith

The rise of Islamic financial institutions to fund the Hajj has led to the financialisation of a sacred duty. The Hajj poses a traditional economic problem; Mecca is a scarce resource compared to the ever-growing global Muslim population. To ensure that people are able to access it, financial instruments like the Pilgrims Fund have grown. But as more and more people rely on these institutions, they have grown in complexity and been drawn into the messier realms of politics and global finance.

The changes that are happening globally to manage the Hajj are reflected by changes within Mecca itself. As with the Ottomans, the Saudis have had to change the architecture of the city and carve new routes across the Islamic world to ensure easy access for the global Muslim population. However, this growth is – by definition – limited. As the Islamic community continues to grow, recent efficiencies have provided diminishing returns, often accompanied by tragic losses of life. This economic problem is compounded by its spiritual component: even if the Saudi kingdom can completely optimise access to Mecca, not all Muslims will be able to make the pilgrimage once in their lifetimes – as is mandated by faith.

For the Saudi regime, stewardship of Mecca is a question of survival. With it, the Saudi regime is also validated and able to profit from its position as the Custodian of the Two Holy Mosques. But stewardship also presents risks; losing the city could spark the end of the kingdom itself, because of both its symbolic and economic importance. The Saudi kingdom relies on two finite resources: access to Mecca, and access to (and demand for) oil. As the Muslim population continues to grow worldwide, the mandate of the Hajj becomes ever more difficult to complete; and as the world continues to wrestle with its dependence on damaging fossil fuels, Saudi Arabia faces a constantly growing resource problem.

The specific problem at the heart of the Hajj is one that is particular to the Islamic world. The religious duty of the individual, the quota system imposed by the Saudis and the financial mechanisms that have sprung up across the Muslim world are all unique to this particular case. But at its core the problem of the Hajj is a universal one. One can view Mecca as a scarce resource not dissimilar to Venice, sinking under the weight of tourists; or Everest, littered with the dead bodies of climbers and the detritus of countless climbs. As the middle classes expand worldwide, so too does their ability to realise their desires. In a globalised and affluent world, the question is how to ensure that people are able to achieve their long-held dreams of visiting particular sights of significance, without in turn destroying them – or the cultures that hold them.

Endnotes

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