بسم الله الرحمن الرحيم

Network State: Innovation or a Challenge to Sovereignty?

News:

The establishment of **Network School** in Forest City, Johor, has generated significant public debate following concerns over its connection to the ideas presented in Balaji Srinivasan's book *The Network State*. Marketed as a community for entrepreneurs, artificial intelligence developers, digital nomads and startup founders, the project initially appears to be another technology and innovation hub designed to attract foreign investment and talent. Recent investigations by the Malaysian authorities concerning immigration compliance and national security have further intensified public discussion. While there is no evidence that the community currently possesses any sovereign authority, the underlying philosophy of the Network State raises important questions about the long-term ideological implications of such projects.

Comment:

At first glance, Network School appears harmless. It promises economic growth, foreign direct investment (FDI), technology transfer, startup development and the creation of high-value employment. Such objectives are consistent with Malaysia's aspiration to become a regional technology hub. However, limiting the discussion to its economic benefits overlooks the much deeper ideological foundations of the Network State concept.

Unlike a conventional university, business incubator or technology park, the Network State is envisioned as a community that evolves through distinct stages. It begins as an online community sharing common values, develops its own economic ecosystem, acquires physical territory, establishes internal institutions and, ultimately, seeks recognition as a new political entity. The concern, therefore, is not what Network School is today, but what the underlying philosophy intends such communities to become.

From the perspective of state sovereignty, Malaysia's concern is entirely understandable. A state has the responsibility not only to protect its territorial borders but also to preserve its monopoly over political authority. The ideological concern arises when a private community gradually develops its own identity, governance structures, economic networks and internal loyalties that begin to rival those of the constitutional state. History demonstrates that institutions established for educational, scientific or commercial purposes can eventually become centres for shaping new political identities. Consequently, governments cannot evaluate such projects solely on the basis of their immediate economic contributions but must also consider their long-term institutional trajectory.

Another legitimate concern relates to foreign strategic influence. Modern technological development in the West is largely driven by venture capital, where private investors finance startups in exchange for ownership and strategic influence.

As technology companies grow, intellectual property, data, talent and decision-making often become closely tied to the interests of external investors. If communities inspired by the Network State model become dependent on foreign capital, there exists the possibility that financial influence may gradually evolve into institutional and eventually political influence. In such circumstances, foreign investment becomes more than an economic activity; it becomes a mechanism through which external actors may acquire leverage over local institutions and public policy.

From the perspective of Islamic political thought, the issue is even more fundamental. Islam does not oppose technological progress, entrepreneurship or international cooperation. Throughout history, the Islamic civilisation actively acquired knowledge and technologies from many parts of the world. Islam distinguishes clearly between acquiring knowledge and surrendering strategic dependence. Technology is regarded as a strategic capability of the Ummah rather than merely a commercial opportunity. Strategic sectors are to be developed to strengthen the independence of the Islamic state, not to increase reliance upon foreign investors or external centres of power.

More importantly, Islam does not permit the emergence of competing centres of political authority within its territory. While private institutions may educate, conduct business and undertake research within limits allowed by Shariah, sovereignty belongs to the state under the authority of Islam. No private organisation, regardless of its financial strength or technological sophistication, may establish a parallel system of governance, cultivate political allegiance separate from the state or acquire autonomous authority over part of the territory. Wealth may purchase property, but it cannot purchase sovereignty.

For this reason, the concern surrounding the Network State extends far beyond questions of immigration or investment. It concerns whether financial capital can eventually produce institutional autonomy, and whether institutional autonomy can ultimately evolve into competing political authority. This progression represents the fundamental ideological challenge posed by the Network State concept.

In conclusion, from the Islamic perspective, knowledge may be imported, investment may be welcomed under appropriate conditions, but sovereignty, political authority and the loyalty of society can never become commodities to be acquired through financial power. Under the Khilafah (Caliphate), technological advancement serves the independence of the Ummah, not the emergence of a “state within a state”.

Written for the Central Media Office of Hizb ut Tahrir by

Dr. Mohammad – Malaysia