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MU‘ĀMALA AND THE REVIVAL OF THE ISLAMIC GIFT ECONOMY<sup>1</sup>

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The Islamic Gift Economy (IGE) is an *integrative* Islamic economic system that is autonomous and can stand and prosper on its own ethical and economic principles while in constructive engagement with current neo-liberalism, instead of one that is co-opted, wittingly or unwittingly, into the mainstream, free-market capitalist system, as is largely the case with what currently goes by the name of Islamic Banking & Finance (IBF).

**Keywords:** Islamic Gift Economy, *mu‘āmala*, partnership, cooperation, moderation, economics of abundance, *waqf*, common good.

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### Introduction

The Islamic Gift Economy (IGE; *al-Iqtisād al-Infāqī*) can be envisioned as an integrative economic system based on the operative principles of cooperation (*ta'āwun*),<sup>2</sup> mutual consent (*'an tarādīn/murādātin*)<sup>3</sup> and partnership (*mushāraka*), and these are in turn founded on the principal ethics of *rahma* (mercy), gratitude (*shukr*), generosity (*karam/ihsān*), moderation (*tawāzun/iffā*), *khilāfa* (trusteeship) and *amāna* (trustworthiness/responsibility). These operational and ethical principles are grounded in the foundational psycho-cosmological outlook expressed in the belief that (i) the natural and cultural<sup>4</sup> resources of the world are abundant,<sup>5</sup> while (ii) the material needs, wants and desires of human beings are limited<sup>6</sup> and should be limited.<sup>7</sup>

The natural and cultural resources of the world seen as blessings and bounties (*faḍl*) from the Merciful Creator (*ni'am/ālā' al-Khāliq*) are abundant and even unlimited in principle because *wa-in ta'uddū ni'matal-lāhi la tuḥsūhā: if you would count the bounty of Allah you cannot exhaust it (Ibrāhīm: 34)*.<sup>8</sup> Viewed

2. *wa ta'āwanū 'alā al-birri wa al-taqwā = and help one another in goodness and piety (al-Mā'idā: 2)*.

3. *tijāratun 'an tarādīn minhum = and trade by mutual consent among them (al-Nisā': 29)*.

4. Natural refers to tangible physical resources found in the natural world, while cultural refers to intangible non-physical resources found in human culture as a result of human creative endeavor, such as knowledge, skills, customs, belief systems, moral norms, value systems and social institutions.

5. Though the natural world and its resources are physically finite or limited, yet these are abundant since they undergo a process of perpetual renewal and regeneration, a process which is termed in Islamic theology as *tajdīd al-khalq* (the divine renewal of creation). Cf. the economic argument against scarcity in Wolfgang Hoeschele, *The Economics of Abundance: A Political Economics of Freedom, Equity and Sustainability* (Farnham, Surrey: Gower, 2010).

6. Limited as a matter of biophysical reality, for there is a limit to how much we can eat or drink or wear at any one time. Also, the famous law of diminishing returns can also be applied to show that meeting more and more wants can result in diminishing returns or even negative returns from those realized wants; i.e., too much wanting is depriving.

7. Limited as a matter of ethico-moral imperative grounded in human nature; see Syed Muhammad Naquib al-Attas, *The Nature of Man and the Psychology of the Human Soul: A Framework for an Islamic Psychology and Epistemology* (Kuala Lumpur: ISTAC, 1990); and idem, *The Meaning and Experience of Happiness in Islam* (Kuala Lumpur: ISTAC, 1993). Cf. Amartya Sen, *On Ethics and Economics* (Malden, MA: Blackwell, 2003).

8. Unless otherwise stated, all translations of Qur'ānic verses are based on Muhammad Marmaduke Pickthall, *The Glorious Qur'an: Text and*

in the light of belief (*īmān*), these resources are gifts and favors (*ālāʾ*) from the realm of transcendence to which the human ethico-cognitive response is gratitude (*shukr*), which in turn results in contentment (*qanāʾa*). Hence man will take according to his need but not his greed, for because of abundance there is no anxiety over scarcity that feeds greed (*tamaʿ*) and accumulation (*takāthur/jamʿ al-māl wa taʿdiduhu*).<sup>9</sup> Moreover, *shukr* itself becomes an existential and psychological state of being that is generative of abundance (*ziyāda*) both material and spiritual, for *la-in shakartum laʾazīdannaikum = verily, if you give thanks, I will indeed give you more (Ibrāhīm: 7)*. Thus by definition, Islamic economics is an *economics of abundance*,<sup>10</sup> and *never* an economics of scarcity.<sup>11</sup>

In the secular darkness of disbelief and ingratitude (*kufir*), however, these resources are cut off from their transcendent, spiritual source, and restricted to their limited, purely quantitative level of being; hence man views these resources as limited and scarce, despite its actual abundance, and they will engage in mutual, unending competition over them out of anxiety over their perceived scarcity: *al-shayṭānu yaʿidukum al-faqr wa yaʿmurukum bi al-fahshāʾi wa Allāhu yaʿidukum maghfiratan minhu wa faḍlan = the devil promises you destitution and enjoins on you lewdness, but Allah promises you forgiveness from Him with bounty (al-Baqara: 268)*. Without belief, man will, out of anxiety, take these resources according to his greed (*tamaʿ*) without any sense of recognition of, and reliance on, their true, transcendent source, which in turns results in ingratitude (*kufir al-niʿma*) and hence loss of contentment, leading to an existential and psychological state of perpetual anxiety and endless yearning:

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*Explanatory Translation (Makkah: Muslim World League, 1977).*

9. *al-Takāthur: 1; al-Humaza: 2.*

10. Or: economics of plenitude. In this regard one can also say that there can be abundant and perpetual use of even “limited” resources when the “limits” of natural re-generative and carrying capacities are respected, thus limits need not entail scarcity. In short, there is in nature what corresponds to the Chomskyan “infinite use of finite (linguistic) means.”

11. This Islamic viewpoint is of course in direct contrast with the economics of scarcity taught and promoted in standard western economics textbooks. However, some futurist western thinkers are already thinking, in their own way, along these lines of abundance, as in Barry Carter, *Infinite Wealth: A New World of Collaboration and Abundance in the Knowledge Era* (Boston: Butterworth-Heinemann, 1999); whereas Tim Jackson envisages a post neoliberal era of prosperity without growth in his *Prosperity without Growth: Economics for a Finite Planet* (London: Earthscan, 2009). Cf. Wolfgang Hoeschele, *The Economics of Abundance: A Political Economy of Freedom, Equity, and Sustainability* (Farnham, Surrey: Gower, 2010) for “a systematic critique of the economic concept of scarcity.”

*wa la-in kafartum inna 'azābī la shadīd = but if you are thankless, then indeed my punishment is dire (Ibrāhīm: 7).*

In this state, which can be referred to as the “pathology of consumption,” what is attained is never really felt to be attained, and satisfaction is fleeting leaving in its wake disillusionment and boredom, and of course, ecological desolation of the cultural and natural landscape.<sup>12</sup> The Australian economist Clive Hamilton has referred in his book to this state of perpetual anxiety and endless yearning that is never satisfied as a disease called “affluenza.”<sup>13</sup> Although he was not referring to the Islamic perspective on the situation, his thinking is of some significance in the interests of what my friend Faizel Katkodia of South Africa has referred to as cross-cultural “convergence on commonalities”<sup>14</sup> in the quest toward finding common solutions to the common problems of humankind.

Thus, Muslims, if they are sensitive to the worldview of Islam,<sup>15</sup> cannot go on agreeing explicitly or implicitly with the standard secular definition of economics that more or less asserts that it is the study of “the allocation of scarce resources to fulfill unlimited wants.”<sup>16</sup> This is because this and similar definitions of economics in the standard economics textbooks<sup>17</sup> used

12. See the insightful article by William E. Rees, “Ecology Footprints and the Pathology of Consumption,” accessible online at <http://www.ubcpress.ca/books/pdf/chapters/fatal/chapter1.pdf>, accessed June 01, 2011.

13. *Affluenza: When Too Much is Never Enough* (Crow's Nest, NSW: Allen & Unwin, 2005). His other book along this line of analysis is *The Growth Fetish* (Crow's Nest, NSW: Allen & Unwin, 2003), which, from the Islamic point of view, would be the fetish or obsession with *takāthur/jam' al-māl* = growth/wealth accumulation. See also his interesting *The Mystic Economist* (ACT Australia: Willow Park Press, 1995).

14. Personal email communication; he is planning a doctoral study to elaborate further on this “convergence.”

15. On this, see Syed Muhammad Naquib al-Attas, *Prolegomena to the Metaphysics of Islam: An Exposition of the Fundamental Elements of the Worldview of Islam* (Kuala Lumpur: ISTAC, 2001); and his important *Islam and Secularism* (Kuala Lumpur: ISTAC, 1993). Cf. Serge Latouche, *The Westernization of the World* (London: Polity Press, 1995).

16. Although definitions of economics in the standard textbooks might vary, the phrasing given here is pretty much representative.

17. Such as N. Gregory Mankiw, *Principles of Economics*, 3rd ed. (Mason, Ohio: Thompson South Western, 2004), 4, where he says that economics is “the study of how society manages its *scarce resources*.” Another popular textbook is Paul A. Samuelson & William D. Nordhaus, *Economics*, 18th ed. (New York: McGraw-Hill, 2005), 4, where they say that “economics is the study of how society uses *scarce resources* to produce valuable commodities and distribute them among different people,” and that “given unlimited wants, it is important that an

throughout the world are based on two basic mistaken and largely unexamined dogmatic assumptions, one cosmological and the other psychological.

The cosmological assumption, as implicit in the phrase “scarce resources,” is that nature is purely material without a transcendent source of being, renewal and regeneration, and so it must be a closed system, hence finite and limited. The psychological assumption, as implicit in the phrase “unlimited wants,” makes a claim about the nature of man, in that he is limited to his physical self and materialistic ambition without deeper spiritual substance and higher transcendent aspiration, hence he lives only to realize his immediate sensual, bodily desires and to create new desires, thus leading, from the Islamic point of view, to his seduction into “rivalry in worldly increase” as the only goal of his purely temporal life: *alhākum al-takāthur ḥattā zurūm al-maqābir = rivalry in worldly increase distracts you until you visit your graves (al-Takāthur: 1-2).*

In contrast, Muslims believe that (i) both nature and culture and their resources have a transcendent source of being, regeneration and renewal, and hence natural and cultural resources are not limited in respect of that transcendent source of renewal and regeneration, but rather they are abundant: *wa ātākum min kulli mā sa’altumūhu = and He gives you of all that you ask of him (Ibrāhīm: 34);* and that (ii) man’s self is both physical and spiritual in which the physical is embedded in and serves the spiritual.<sup>18</sup> Hence man voluntarily limits his material desires through cultivating the self-discipline of *zuhd* (spiritual detachment and economic downshifting)<sup>19</sup> in order that he might better realize his higher and truer spiritual aspirations by which he finds his true self and place in the larger order of creation and being.

He pursues his short-term material needs only in the conscious context of higher, more encompassing and long-term non-material goals and objectives and thereby attains to meaning and happiness in service of those higher imperatives.<sup>20</sup> Thus man’s material needs and wants are limited by virtue of his own impulse toward self-realization of his higher, spiritual (i.e., intellectual, ethical and moral) calling, which transcends the temporal, sensual life of the world; *bal tu’thirūna al-ḥayāta al-dunyā wa al-ākhiratu khayrun wa abqā = Indeed, you prefer the life of the world, but the Hereafter is better and more lasting (al-A’lā:*

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economy makes the best use of its limited resources” (all emphases added).

18. As elaborated in Syed Muhammad Naquib al-Attas, *The Nature of Man and the Psychology of the Human Soul: A Brief Outline and Framework for an Islamic Psychology and Epistemology* (Kuala Lumpur: ISTAC, 1990).

19. John D. Drake, *Downshifting: How to Work Less and Enjoy Life More* (Berret Koehler, 2001).

20. Cf. Maslow’s hierarchy of needs which emphasizes self-actualization; see Abraham Harold Maslow, *Motivation and Personality* (New York: HarperCollins, 1987).

16-17). In other words, he finds his identity and destiny in the service of the transcendent and not in serving his whimsical ego.

This foundational Islamic cosmo-psychological outlook has deep and far reaching implications for how we should understand and engage both Islamic and Western economics. Muslims need to be critically and creatively self-conscious about these two cosmo-psychological principles in order to formulate an authentic, *integrative* Islamic economic system that is viable in the contemporary age; namely, one that is autonomous and can stand and prosper on its own ethical and economic principles while in constructive engagement with the West, instead of one that is coopted, wittingly or unwittingly, into the mainstream, neoliberal free-market system, as is largely the case with what currently goes by the name of Islamic Banking & Finance (IBF).<sup>21</sup> This foundational consideration brings us to the notion of the Islamic Gift Economy and the manner in which we should go about defining it and outlining its general conceptual and operative parameters.

#### **Defining the Islamic Gift Economy (IGE)**

For our limited, critically reflective and programmatic purpose here, the Islamic Gift Economy<sup>22</sup> (IGE) can be provisionally defined as: *the provisioning*

21. For some critiques, see Muhammad Saleem, *Islamic Banking: A \$300 Billion Deception* (Bloomington, IN: Xlibris, 2006); idem, *Islamic Banking, A Charade: Call for Enlightenment* (Charleston, NC: Book Surge, 2006); cf. Timur Kuran, *Islam and Mammon: The Economic Predicaments of Islamism* (Princeton, NJ: Princeton University Press, 2004). I especially recommend the excellent, scholarly analysis by Mahmoud A. El-Gamal, *Islamic Finance: Laws, Economics and Practice* (Cambridge: Cambridge University Press, 2006), who shows (pp. xi-xii) that “despite the good intentions of its pioneers, Islamic finance has placed excessive emphasis on contract forms, thus becoming a primary target for rent-seeking legal arbitrageurs. In every aspect of finance—from personal loans to investment banking, and from market structure to corporate governance of financial institutions—Islamic finance aims to replicate in Islamic forms the substantive functions of contemporary financial instruments, markets, and institutions,” and proposes “reorientating the brand name of Islamic finance to emphasize issues of community banking, microfinance, socially responsible investment, and the like.” See also the BBC expose by John Foster, “How Sharia-compliant is Islamic Banking?” in *BBC News*, Friday, 11 December 2009, <http://news.bbc.co.uk/2/hi/business/8401421.stm>. Cf. Tarek El Diwany, *The Problem with Interest*, 2nd ed. (London: Kreatoc, 2003), especially 135-195 passim.

22. The word ‘economy’ originally referred to “household management” (*tadbīr al-manzil*), and the primary duty of the householder is to ensure that the resources and revenues of the household, tangible and intangible, are managed prudently so that all the needs, material and spiritual, of the members of the household are met in such a way that none is

and sharing, by mutual giving and receiving, of natural and cultural abundance for realizing material and spiritual well-being.<sup>23</sup> This definition takes into consideration that the world and humankind are not only material or physical but more fundamentally they are also spiritual and have a higher, spiritual or metaphysical significance. They serve a cognitive and moral purpose that transcends their immediate physicality or sensuality; namely, a purpose which is indicative of a higher, more encompassing Reality (*al-Haqq*) on which they depend, in which they are embedded, and to which they respond.<sup>24</sup>

This definition of the IGE is made operative in practice by a systematic, integrative revival of the mechanisms of religious, social and commercial exchange as formally embodied in the traditional *fiqh* of *'ibāda* and *mu'āmalah*,<sup>25</sup> such as *zakāt* (obligatory charity), *waqf* (charitable endowment), *ṣadaqa* (voluntary charity), *hiba* (gift-giving), *farā'id/irṭh* (estate division), *waṣiyya* (bequest), *qard ḥasan* (goodly personal loan), *'ariyya* (lending something for use), *ijāra* (renting and hiring), *ja'ala* (job wages), *muḍāraba* (venture capital or financing a profit-sharing venture) and *mushāraka/sharika* (business partnership).<sup>26</sup>

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marginalized, especially the weaker members, such as babies, young children, the handicapped, the elderly, including even pets and animals and plants of the household. In the classical Islamic system of philosophy, *tadbīr al-manzil* comes under the division *al-ḥikmat al-'amaliyya*, or practical philosophy, which includes, apart from economics (management of the household), ethics (management of the self) and politics (management of society); see Yassine Essid, *A Critique of the Origins of Islamic Economic Thought* (Leiden: Brill, 1995). The definition of the IGE given here is a conceptual elaboration of this original meaning in the light of the worldview of Islam.

23. In the light of this redefinition of economics, what counts as “warranted” needs and wants would refer to what is warranted in the Islamic ethico-moral system of values, as encapsulated in the *Maqāṣid al-Sharī'ah* (Objectives of the Divine Law), and not to what finds warrant in subjective human whims and fancies leading to runaway consumerism; see Adi Setia (forthcoming), “The Significance of the *Maqāṣid al-Sharī'ah* for Directing Research in the Natural and Social Sciences.”
24. Details in Adi Setia, “*Taskhīr*, Fine-Tuning, Intelligent Design and the Scientific Appreciation of Nature” *Islam & Science* 2 (Summer 2004) 1, 7-32.
25. Mahmoud A. El-Gamal (Māḥmūd Amīn al-Jamal), trans., *Financial Transactions in Islamic Jurisprudence*, 2 vols. (Beirut: Dar al-Mouaser, and Damascus: Dar al-Fikr). This is a 2-volume translation of Wahbah al-Zuhaylī's famous and authoritative *al-Fiḥ al-Islāmī wa Adillatuhū*.
26. Translations of these terms into English have largely followed those given in Nuh Ha Mim Keller, trans. & ed., *Reliance of the Traveller: A Classic*

Here the foundational notion of the 'gift' or rather gifting, giving and provisioning (*sadaqa, hadiya, hiba and infāq*)<sup>27</sup> is significant, for deep reflection on the above-mentioned religious, social and commercial exchange mechanisms will show that they have less to do with taking than with giving, and hence, ultimately more about serving wider, communal/public rather than narrow, individual/private interests. As a matter of fact, even the so-called individual 'private interest' that is served in formal commercial exchange is inseparably embedded in the larger fabric of communal 'public interest', for it is a principal axiom of Islamic law that public, communal interest (*maṣlaḥa ʿamma*) has precedence over private, individual interest (*maṣlaḥa nafsiyya*). Hence, *the commercial is never in spite of the communal*.<sup>28</sup>

To illustrate this point, let us look at the institution and mechanism of *farāʾid/irṭh* (the Islamic law of inheritance and estate division). Because of this law even the most greedy and accumulative of people will be compelled at the end of his life to redistribute his accumulated wealth amongst members of his *extended* family, such that at the end of the day he gives away, in a *redistributive* manner, very much more than what he has actually consumed of his hard-earned wealth. Another case in point is the august institution of *zakāt*, which ensures that the urgent, material needs of the most vulnerable members of the community are immediately taken care of through a system of obligatory giving by its relatively more well-off members.<sup>29</sup>

Even in the various formal systems of commercial exchange, such as the business partnership (*mushāraka/sharika*) and the venture capital (*maḍārabah/qirād*), the basic, underlying governing vision is still that of giving, i.e., mutual giving, of capital by the investor, on the one hand, and of skill, by the entrepreneur, on the other hand, to a common business enterprise, and the mutual sharing of the risks that go together with the benefits inherent in that common enterprise. Hence, what we have here is an economics of giving and receiving, not one of taking and hoarding.

We can glean from a close, intelligent and creative reading of, say, Jaʿfar

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*Manual of Islamic Sacred Law*, new ed. (Beltsville, Maryland: Amana Publications, 1997).

27. There are lexical and technical, *fiqhi* differences in the meaning of these four terms, but they all denote the general meaning of *giving away* something of value for a *worthy* purpose. For instance, *infāq* means to spend something in support of a *good* cause, like to support your family or relatives (*nafaqa*) or to set up a charitable endowment (*waqf*).

28. A theologico-economic exploration of this theme is Marcus Braybrooke & Kamran Mofid, *Promoting the Common Good: Bringing Economics & Theology Together Again* (London: Shephard-Walwyn, 2006).

29. A serious study in English is Farishta G. de Zayas, *The Law and Institution of Zakāt* (Kuala Lumpur: The Other Press, 2003).

ibn ‘Alī al-Dimashqī’s (circa 600 H) slim treatise<sup>30</sup> the underlying message that good management of the self (ethics, *akhlāq*) is the basis for good management of the household (the original meaning of ‘economics’, or *tadbīr al-manzīl*), and this in turn is the basis for good management of society (politics, *siyāsa*), and therefore the material economy should be embedded in the moral economy in order to realize a true economy of the common good leading to felicity in temporal and eternal life. As Essid explains:

We see here the beginnings of an ideology of the common good in which commercial exchange satisfies the common necessity, with trade raised to the rank of an eminently social link.<sup>31</sup>

And so, in this mode of thinking, the market aspects and the welfare aspects are both integral, constituent aspects of the same economy, which, in this regard can be termed as the ‘market-welfare’ economy,<sup>32</sup> or the Islamic Gift Economy (*al-iqtisād al-infāqī*), or an economics of “provisioning,” in which profits and surpluses are to be reinvested into serving *local* communal well-being rather than the speculative interests and bottom-lines of far-way, indifferent absentee stockholders, or rather, free-riders.

This understanding of the underlying notion of “giving” or “gifting” finds support in Michael Bonner’s careful study of early, pre-Dimashqīan economic thought in Islam as exemplified in al-Shaybānī’s important *Kitāb al-Kasb*.<sup>33</sup> Here the corresponding notion is that of a virtuous circulative exchange

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30. *Kitāb al-Ishārat ilā Maḥāsīn al-Tijārat wa Maʿrifat Qīmat Jayyid al-Aʿrād wa Radiyyihā wa Ghushūsh al-Mudallisīn fihā*, which can be rendered in English as *The Book of the Indicator to the Virtues of Commerce and to Recognizing the Value of Good and Bad Merchandise and Discerning the Adulteration of Merchandise by Swindlers*, or briefly as *The Indicator to the Virtues of Commerce*; see al-Sayyid Muḥammad ʿĀshūr, *Dirāsāt fī al-Fikr al-Iqtisād al-ʿArab: Abū al-Faḍl Jaʿfar ibn ʿAlī al-Dimashqī* (Cairo: Dār al-Itihād al-ʿArabī li al-Ṭibāʿa, 1973), 1-69 after p. 192; and al-Bishrī al-Shurabjī (ed.), *al-Ishārat ilā Maḥāsīn al-Tijārat* (Cairo: Maktaba al-Kulliyāt al-Azhariyya, 1977); complete English translation by Adi Setia, *The Indicator to the Virtues of Commerce* (Kuala Lumpur: IBFIM, 2011).

31. Essid, *Critique*, 221.

32. Relli Shechter, “Market Welfare in the Early-Modern Ottoman Economy: A Historiographic Overview with Many Questions,” *Journal of the Economic and Social History of the Orient* (JESHO) 48 (2005) 2, 253-276; accessible online at [http://www.bgu.ac.il/~rellish/publications/market\\_welfare.pdf](http://www.bgu.ac.il/~rellish/publications/market_welfare.pdf).

33. Al-Imām Muḥammad ibn al-Ḥasan al-Shaybānī, *Kitāb al-Kasb*, ed. ʿAbd al-Fattāḥ Abū Ghudda (Aleppo: Maktab al-Maṭbūʿāt al-Islāmiyyah, n.d.); and also the edition by Suhayl Zakkār (Beirut: Dār al-Fikr, 1997).

between rich and poor or an *economics of interdependence* between rich and poor in which the surplus of the rich is “returned” (*radd, rujūʿ*) to the poor in order to maintain order, peace and balance in society, especially in urban society.<sup>34</sup> So the “gift” economy is the “return” economy, in which the circulation of wealth is from the *rich to the poor* and *not* from the rich to the rich, *so that it does not become something which circulates among the wealthy in your midst (al-Ḥashr: 7)*

The kind of run-away speculative, overly money-centered economics that has been systematically destroying middle-class America for the past few years or so would be something unfathomable to the Dimashqian and Shaybanian economic vision.<sup>35</sup> As a matter of fact, al-Dimashqī devotes a number of pages of his treatise to warn hardworking, honest business people against the temptations of all sorts of speculative enterprises marketed by the sophisticated smooth talkers of his time,<sup>36</sup> the kind of economic predators we now call “economic hit-men.”<sup>37</sup> Similarly, his lucid explanation of why gold and silver have been the commonly-agreed medium of exchange and unit of value among all people dovetails perfectly well with the current call—in the face of the ongoing financial meltdown—for abandoning the overly centralized fiat, paper-money system and returning to the gold and silver system, and other forms of community-based “healthy” money and currency systems.<sup>38</sup>

This governing vision of *mutuality, participativeness and partnership*, or *common interest and common good* instead of self-interest, can be contrasted to the generally one-sided affair in conventional banking (including so-called ‘Islamic’ banking) in which capital is merely rented out by one party, say the bank, to another, the businessman/entrepreneur, through various elaborate

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34. Michael Bonner, “The *Kitāb al-Kasb* attributed to al-Shaybānī: Poverty, Surplus, and the Circulation of Wealth,” *Journal of the American Oriental Society* 121 (Jul.-Sep. 2001) 3, 10-427; idem, “Poverty and Charity in the Rise of Islam” in Michael Bonner, Amy Singer and Mine Ener (eds.), *Poverty and Charity in Middle Eastern Contexts* (New York: SUNY, 2003), 13-30; and idem, “Poverty and Economics in the Qur’an,” *Journal of Interdisciplinary History* 35 (Winter 2005) 3, 391-406.

35. There are a great number of books describing and analyzing the causes of the current global financial meltdown, but perhaps among the more accessible is the succinct volume by Dean Baker, *Plunder and Blunder: The Rise and Fall of the Bubble Economy* (Sausalito, CA: PoliPoint, 2009).

36. As discussed in ‘Ashūr, *Dirāsāt*, 77-83.

37. John Perkins, *Confessions of an Economic Hit Man* (San Francisco: Berrett-Koehler, 2004).

38. For instance, Nathan Lewis, *Gold: The Once and Future Money* (Hoboken, NJ: Wiley, 2007); and Deirdre Kent, *Healthy Money, Healthy Planet: Developing Sustainability through New Money Systems* (Nelson, New Zealand: Craig Potton, 2005).

mark-up instruments, thus ensuring guaranteed returns to the bank without obliging it in any way to participate in the risks inherent in the enterprise, risks which are to be borne exclusively by the businessman/entrepreneur.

Even informal, social giving or general voluntary charity and alms giving (*sadaqa*) has been institutionalized in Islam into a system called *waqf* (charitable endowment or trust). Through the formal, legal system of *waqf*, a normally one-off gift is transformed into a particular kind of charitable capital that indefinitely generates either revenue or usufruct or both which perpetuates for its specified beneficiaries the benefits of that initial act of giving. Thus *waqf* is also called *sadaqa jāriyya*<sup>39</sup> = ‘perpetual charity’, an “ongoing” charity that is always current, whose benefit always flows out to the beneficiaries as long as the original charitable corpus stands or is preserved and maintained. In the *waqf* (literally, to retain, to restrain, to reserve) system, private wealth is voluntarily *retained and dedicated* for the perpetual, free provision of public goods and services in order to serve the larger, public interest of the community, in the hope of generating perpetual spiritual reward to the *wāqif* or endower, who takes to heart the Qur’anic admonishments: *lā tanālū al-birra ḥattā tunfiqū mimmā tuḥibbūna* = “you will not attain to piety until you spend of that which you love (*Āli ‘Imrān*: 92) and *yā ayyuhā alladhīna āmanū anfiqū mimmā razaqnākum* = *O believers, give of what We have provided for you (al-Baqara*: 254).<sup>40</sup>

In contrast, neoliberal privatization is a system in which public wealth is retained (or *enclosed*, hence the so-called “enclosure of the commons”)<sup>41</sup> and dedicated for the provision of private profit, in which the larger communal interest is only of an *ad hoc*, marginal and incidental consideration, despite sweet-sounding political rhetoric and elaborate economic jargon to the contrary.<sup>42</sup> In the case of *waqf* we have the “pouring-out” economy, whereas in

39. See *Ṣaḥīḥ Muslim*, ḥadīth #4199 in the commentary of al-Imām al-Nawawī, *al-Minhāj Sharḥ Ṣaḥīḥ Muslim ibn al-Ḥajjāj*, 18 parts in 10 vols. (Beirut: Dār al-Ma‘ārif, 2000/1421), pt. 11, vol. 6, 87; see also the following ḥadīths #4200, #4201 and #4202 in the Chapter of *Waqf*.

40. Cleary’s translation. A good history of *waqf* is Murat Cizakca, *A History of Philanthropic Foundations: The Islamic World from the Seventh Century to the Present* (Istanbul: Bogazici University Press, 2000).

41. Vandana Shiva et al., *The Enclosure and Recovery of the Commons: Biodiversity, Indigenous Knowledge and Intellectual Property Rights* (New Delhi: Research Foundation for Science, Technology and Ecology, 1997).

42. In personal communication, Mohamed Elmeadawy points out that multinational corporations, driven by expansionism, growth and profit maximization, not only dominate strategic services of the nation in question and drain public money into their pockets, but also the people end up by *not receiving the service at all*; for the corporations, after buying at fire-sale prices promise quality services that they price at a range beyond what most of the poor can afford, and so the people

the case of privatization we have the “trickle-down” (i.e., cream for the rich, and crumbs, if any, for the poor) economy. On the one hand we have the Islamic Gift Economy (IGE), and on the other hand we have the Neoliberal Scoop Economy (NSE). Since as Muslims (or as decent human beings) we can't have both, we better then think carefully which of the two systems we want to adopt, develop and implement, at the communal, national, regional and global levels of exchange.

It is in the nature of giving, gifting and the gift that ultimately nothing is actually given away never to return to the giver. As a matter of fact, the giver, instead of being impoverished, stands to benefit as much as if not more than the receiver, in both material and spiritual terms, for, indeed, if everyone gives then everyone receives, and none is left out, and everyone is embedded and is participative in the material and cultural life of the community, which in turn leads to social cohesion rather than fragmentation and alienation: *wa mā tunfiqū min khayrin yuwaffā ilaykum wa antum lā tuzlamūn* = and whatsoever good thing you spend, it will be repaid to you in full, and you will not be wronged (*al-Baqara*: 272). The basic idea here is that wealth must always be circulating amongst people and *not* be systemically siphoned off from the community into the hands of the rich to be accumulated for self-serving interest, so that it won't circulate among the wealthy in your midst (*al-Hashr*: 7).<sup>43</sup>

This universal ethical principle of reciprocity (*tabādul, ta'āwun, tarāḍim, murādā, mushāraka, mu'āmala, jazā' al-ihsān bi al-ihsān*) underlies the gift culture of traditional Islamic societies, including traditional, non-westernized cultures in general.<sup>44</sup> This principle of reciprocal giving and receiving is enshrined in

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can't pay and hence can't get the service, as was the case with water privatization in Bolivia in 1999 and later on in South Africa. See, for instance, David A. McDonald and Greg Ruiters, *The Age of Commodity: Water Privatization in South Africa* (London: Earthscan, 2005).

43. Translation by Thomas Cleary, *The Qur'an: A New Translation* (Starlatch, www.starlatch.com, 2004), 271. Cf. Stig Ingebrigtsen and Ove Jakobsen, *Circulation Economics: Theory and Practice* (Bern: Peter Lang, 2007); John Bowes, ed., *The Fair Trade Revolution* (New York: Pluto Press, 2011). See also Center for Partnership Studies, <http://www.partnershipway.org/>.

44. See the famous study by the French sociologist Marcel Mauss, *The Gift: Forms and Functions of Exchange in Archaic Societies* (London: Routledge, 1990). For a good insight into the intimate link between the gift and the economy of abundance instead of scarcity, see Marshall Sahlins, *Stone Age Economics* (London: Routledge, 2003); see also in this regard his seminal article extracted from that book, “*The Original Affluent Society*,” accessible at <http://www.primitivism.com/original-affluent.htm>. Cf. E. F. Schumacher, *Small is Beautiful: Economics as if people Mattered* (Harper Perennial, 1989); idem, “Buddhist Economics,” [http://www.smallisbeautiful.org/pdf/buddhist\\_economics/english](http://www.smallisbeautiful.org/pdf/buddhist_economics/english).

the Qur'ānic verse: *hal jazā' al-iḥsān illā al-iḥsān* = *is the recompense of goodness aught save goodness?* (*al-Raḥmān*: 60). In a community in which everyone gives, everyone receives also, and most times, everyone receives in return much more than what he or she has given out in the first place, hence none is left out, none is marginalized or alienated or ostracized, but everyone *belongs* as a way of truly humane living, well-expressed in the South African traditional socio-cultural concept of *ubuntu*. As Justice Mahomed Jaybhay explains it:

In South Africa the culture of ubuntu is the capacity to express compassion, justice, reciprocity, dignity, harmony and humanity in the interests of building, maintaining and strengthening the community. Ubuntu speaks of our inter-connectedness, our common humanity and the responsibility to each that flows from our connection....Ubuntu means that people are people through other people....It not only describes human being as "being-with-others," but also prescribes how we should relate to others, i.e. what "being-with-others" should be all about.<sup>45</sup>

### The Nature of the Gift

Before we go on, enhancing our critical understanding of the meaning and practice of mutual giving and receiving requires us to analyze the nature of the gift, both conceptually and culturally. I think it is best that we do this by looking at the various forms of giving, or rather, "gifting," in the traditional communities which many of us still live in, or identify with, or have learnt about.

Maybe I can start by giving my own experience of traditional gifting in Malaysia, my home country (as encapsulated in the term *gotong royong* = "mutual helping").<sup>46</sup> Here we really need to extend the concept and practice of *gotong royong* from merely helping out during *kenduris*<sup>47</sup> to the wider context of

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pdf. For a forceful debunking of the "self-interestedness" conception of human nature in modern economics, see also Marshall Sahlins, *The Western Illusion of Human Nature* (Cambridge: Prickly Paradigm Press, 2008).

45. Justice Mahomed Jaybhay, "The Spirit of *Ubuntu*," *Awqaf Insights* (2007/1428), 10-12, on 10-11. Cf. Rachel E. Kranton, "Reciprocal Exchange: A Self-Sustaining System," *American Economic Review* 86 (September 1996) 4, 830-851.

46. For more on *gotong royong*, see [http://en.wikipedia.org/wiki/Gotong\\_royong](http://en.wikipedia.org/wiki/Gotong_royong). For *gotong royong* in action, see Floor Grootenhuis, "Yogyakarta Earthquake Community Recovery Grants supporting *gotong royong*" in *From Poverty to Power: How Active Citizens and Effective States Can Change the World* (Oxfam International, 2008), accessible at [www.oxfam.org.uk/resources/downloads/FP2P/FP2P\\_Yogyakarta\\_Earthquake\\_CS\\_ENGLISH.pdf](http://www.oxfam.org.uk/resources/downloads/FP2P/FP2P_Yogyakarta_Earthquake_CS_ENGLISH.pdf).

47. Communal events or functions where food is served.

social and commercial exchange in general for the promotion of communal solidarity.

We may also be acquainted with some of the inspiring examples of the giving and gifting culture in South Africa, which I visited twice a couple of years ago on the generous invitation of its non-governmental (or rather, civic societal) National Awqaf Foundation (AWQAF SA)<sup>48</sup> to talk and exchange views and experiences on this very topic of giving in its various forms, tangible and intangible, especially in the form of *waqf*.

Now, the significance of *waqf* for the tiny yet relatively affluent South African Muslim minority (roughly 1.8-2% of a population of almost 50 million), is that its beneficiaries need not be restricted to Muslims but can also include non-Muslims, especially the still economically marginalized majority black African population. Hence *waqf* is one of the most effective ways by which affluent South African Muslims can give back to the land on which they have found their home and prosperity and thereby embed themselves more firmly into the larger South African cultural landscape as indigenous sons and daughters of the soil. We can here also invoke some of the many, high quality formal academic, specifically anthropological, studies that have been undertaken on the culture of gifting in both historical and contemporary times, in both Muslim<sup>49</sup> and non-Muslim societies.<sup>50</sup>

### **The Gift and the Problem with Islamic Banking and Finance**

Contemporary discourse on Islamic economics is too narrowly focused on issues related to Islamic banking and finance (IBF), whereas Islamic Economics, by

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48. See their website, [www.awqafsa.org.za](http://www.awqafsa.org.za).

49. For some case studies of the Islamic Gift Economy, see Benjamin Soares, *Islam and the Prayer Economy: History and Authority in a Malian Town* (University of Michigan Press, 2005). See also Benjamin Soares, "The Prayer Economy in a Malian Town" ([https://openaccess.leidenuniv.nl/dspace/bitstream/1887/9400/1/ASC\\_1293978\\_001.pdf](https://openaccess.leidenuniv.nl/dspace/bitstream/1887/9400/1/ASC_1293978_001.pdf)). For the Mamluk gift economy and the role of pious endowments within it, see Adam Sabra, *Poverty and Charity in Medieval Islam: Mamluk Egypt, 1215-1517* (Cambridge: Cambridge University Press, 2000); also Michael Bonner, Mine Ener and Amy Singer (eds.), *Poverty and Charity in Middle Eastern Contexts* (New York: SUNY, 2003); Amy Singer, *Constructing Ottoman Beneficence: An Imperial Soup Kitchen in Jerusalem* (New York: SUNY, 2002); Holger Weiss (ed.), *Social Welfare in Muslim Societies in Africa* (Stockholm: Nordiska Afrikainstitutet, 2002).

50. For a brief, general analysis of the gift economy, see Gifford Pinchot, "The Gift Economy," *In Context* 41 (Summer 1995), accessible at <http://www.context.org/ICLIB/IC41/PinchotG.htm>. A book length treatment in the context of modern industrial societies is David J. Cheal, *The Gift Economy* (London: Routledge, 1988).

definition, involves also domains of exchange other than the purely financial or commercial or market-driven. As a matter of fact, it can be shown from Islamic economic history and the formal *fiqh* of *mu'āmalah* that by far the major domain of exchange in an Islamic economy is the voluntary, devotional and communal one, involving the operative mechanisms of *zakāt*, *ṣadāqah*, *waqf*, *hiba*, *qard ḥasan*, *hadiyyah*, *farā'id/mirāth*, *waṣiyyah*, including non-monetary lending and borrowing of tools and facilities, and reciprocal non-financial exchange of skills, services and expertise, and even goods. I think that it can be argued quite empirically that these non-market exchange mechanisms were in fact just as efficient, if not more, in the just, equitable and timely allocation of natural and cultural resources to those who needed them most.

One fundamental problem with current IBF, as has been pointed out by Meera, Larbani, Cook, El Diwany, Vadillo,<sup>51</sup> and many others, is its adherence to the Fractional Reserve Banking (FRB) model also adhered to by conventional, usurious banks by which deficit-based money is created as credit as a multiple of the capital base in accordance with the capital requirements set out by the Bank of International Settlements (BIS) in the 1988 Basel Accord.<sup>52</sup> So we have a situation in which an Islamic bank may be fully compliant *on paper* in its contractual form with the basic principle of loss and profit sharing in its business relations with customers, but the fact remains that *at bottom* the bank is still funding its investment through fiat money it creates out of nothing thanks to the usurious FRB principle.<sup>53</sup>

According to Cook, “this reality is at best not made clear by Islamic banks and is at best deliberately obscured,” and thus he concludes that “Islamic banking as currently practiced is an Islamic veneer on an un-Islamic reality.”<sup>54</sup> As Meera and Larbani elaborates:

Fractional reserve banking (FRB) is the basis of the present day monetary systems. In most countries, Islamic Banking and Finance too operates under this principle....FRB has effects on the ownership structure of assets in the economy, and that this effect violates the Islamic principles of ownership....money creation through FRB is creation of purchasing power out of nothing which brings about unjust ownership transfers of assets

51. Rais 'Umar Ibrahim Vadillo, *The Return of the Islamic Gold Dinar: A Study of Money in Islamic Law and The Architecture of the Gold Economy* (Kuala Lumpur: Madinah Press, 2004).

52. Chris Cook, “21st Century Islamic Finance,” *Awqaf Insights* (2007/1428), 18-19.

53. Cf. the important econophysics article by Vladimir Z. Nuri, “Fractional Reserve Banking as Economic Parasitism: A Scientific, Mathematical & Historical Expose, Critique, and Manifesto,” *EconPapers*, <http://129.3.20.41/eps/mac/papers/0203/0203005.pdf>.

54. Chris Cook, “21st Century Islamic Finance,” 19.

in the economy, to the bank effectively, paid for by the whole economy through inflation. This transfer of ownership is not based on human effort by taking on legitimate risks and neither with the knowledge nor the consent of the initial owners. These violate the ownership principles in Islam and tantamount to theft. It also has the elements of *riba*. On the same basis, Islamic governments should not create fiat money since this is equivalent to taking assets of the people, rich and poor alike, forcefully without compensation. It is, therefore, important that Shariah scholars come up with a fatwa on both the fiat money and the fractional reserve banking system. Such a fatwa is urgent and pertinent before Islamic banking and finance that operate under these systems, takes a course that may prove to be difficult to reverse later. The Islamic economic and finance system cannot be founded upon a money system that is fundamentally equivalent to theft and *riba*.<sup>55</sup>

In short, fractional reserve banking allows the very few to consume the wealth of the great majority, wrongly and unjustly, in direct disregard of the divine injunction: *wa lā ta'kulū amwālakum baynakum bi al-bāṭil = and do not consume your wealth amongst yourselves in vanity...* (*al-Baqara*: 188).<sup>56</sup> As a matter of fact, quantitative studies have shown a direct correlation between FRB and compound interest, and the systemic destruction of both the cultural and natural environments in both so-called first and third world countries. It is also this system that privileges the short-term interests of the present generation over the long-term interests of future generations, who are forced to bear the debt-burden of our current life-style of profligate consumption and the systemic wastage of resources that goes with it.<sup>57</sup>

Another problem in the current obsession with IBF is what has been called the *murābaha* (rent-seeking) syndrome,<sup>58</sup> which is the emphasis on loan- or debt-

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55. Ahamed Kameel Mydin Meera and Moussa Larbani, "Ownership Effects of Fractional Reserve Banking: An Islamic Perspective," in *Humanomics*, vol. 25, no. 2 (May 2009), 101-116. See also Ahamed Kameel Mydin Meera and Moussa Larbani, "Seigniorage of Fiat Money and the *Maqasid al-Shari'ah*: The Unattainableness of the *Shari'ah*," in *Humanomics*, vol. 22, no. 1 (2006); and idem, "Seigniorage of Fiat Money and the *Maqasid al-Shari'ah*: The Compatibility of the Gold Dinar with the *Maqasid*," in *Humanomics*, vol. 22, no. 2 (2006).

56. Cleary's translation.

57. See especially the works of Susan George, *Ill Fares the Land* (Penguin, 1990); *A Fate Worse Than Debt* (Penguin, 1988); *The Debt Boomerang* (New York: Pluto Press, 1992); with Fabrizio Sabelli, *Faith and Credit: The World Bank's Secular Empire* (Westview Press, 1994); and *Whose Crisis, Whose Future?* (Polity Press, 2010).

58. Tarik M. Yousef, "The *Murabaha* Syndrome in Islamic Finance" in Clement M. Henry and Rodney Wilson (eds.), *The Politics of Islamic Finance*

financing (even though this may be “asset-backed”)<sup>59</sup> by means of elaborate mark-up instruments to ensure lucrative, risk-free profit on the part of the financing institution, regardless of the economic situation of the borrower or the financial performance of the borrowing enterprise. This predilection for loan-/debt-financing results in the systemic marginalization of venture capital financing (or commend, *qirād/mudārabā*) and financing by means of the business partnership (*shirka, mushāraka*) in which the financing institution or investor provides (i.e., *gives* instead of lends) capital and participates in the conduct and outcome of the enterprise, which is thus seen and treated as a truly *common* enterprise.<sup>60</sup>

To my limited knowledge (especially since I have taken a serious interest in economic issues only during the past two years or so), there is only one Islamic banking group in the whole world that is exclusively devoted to equity-financing and venture capital financing,<sup>61</sup> while the rest are mainly devoted to conventional *murābaha*, rent-seeking instruments, with venture capital or commenda (*qirād*), business partnership (*sharika*), and the goodly loan (*qard ḥasan*) thrown in only as an afterthought to justify the label “Islamic.”

Even when it comes to equity or venture capital financing, as in the case of that particular bank or rather venture capital investment company, the question arises as to whether the investment portfolio is spread out more or less evenly over both up-scale projects yielding high financial returns and medium- to small-scale ones yielding relatively low financial (but perhaps higher “social”) returns, or concentrated on the up-scale ones. If the latter, then it is no better in essence than conventional western venture capital firms, whose motivation is mainly very high profit margins over the short and

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(Edinburgh: Edinburgh University Press, 2004), 63-80.

59. As elaborated by, for instance, Mufti Muhammad Taqi Usmani, *An Introduction to Islamic Finance* (New Delhi: Idara Isha'at-e-Diniyat, 1999), 18-22, though he admits (on page 151) that “*Murabahah* is not a mode of financing in its origin. It is a simple sale on cost-plus basis.” He then proceeds to place strict conditions on it for it to be legally valid (151-154) and says that “It should be noted with care that *murabahah* is a border-line transaction and a *slight departure* from the prescribed procedure makes it a step in the prohibited area of interest-based financing” (153, last italics mine).

60. A good critical study is Imran Ahsan Khan Nyazee, *Islamic Law of Business Organizations: Partnerships* (Kuala Lumpur: Other Press, 2002). Cf. Mark. A. Lutz, *Economics for the Common Good: Two Centuries of Economic Thought in the Humanist Tradition* (London: Routledge, 1999).

61. Venture Capital Bank, set up in 2005, claims itself to be the first Islamic investment bank in the GCC and MENA region to specialize in venture capital; see its website, <http://www.vc-bank.com>.

medium terms, with little or no concern for contributing to, and participating in, the larger communal well-being in which a particular enterprise is located.

In contrast, Islamic venture capital would be one whose investment portfolio is more or less evenly spread out over both market-driven and *community-driven* productive investment projects. In this way equitable allocation and reallocation of productive wealth is built into the general business culture in which the focus is not on financial growth *per se* but, much more importantly, on communal well-being and cohesion. Such a way of doing business will still make money and generate moderate profit and even moderate growth over time up to a certain size, beyond which a part of the company could break off and become a separate, autonomous entity, thus preempting over-accumulation and over-concentration of capital and wealth in the hands of a few powerful individuals or organizations.

The ideal company or corporate organizational structure would then be in the form of a management-cum-employee-owned enterprise (or *common-ownership* enterprise) instead of the present conventional structure in which ownership is largely vested in far-away absentee investors or shareholders (financially headquartered and coordinated for the most part at Wall Street) who don't really care a jot about the enterprise except as a disembodied, money-making machine. This means we also have to really, really rethink the conventional notion of the corporation as a legal person.<sup>62</sup>

So, while the Islamic Gift Economy (IGE) willingly *participates* in the well-being of the community, the Wall Street Scoop Economy (WSSE) deliberately *free-rides* parasitically on communal wealth and sucks it dry, which explains the current system-wide financial and economic melt-down in the United States, Ireland, Greece, Spain, Iceland and Italy.<sup>63</sup>

### **Rethinking Money, Finance and Economics**

Of course, if we think along these radical (i.e., values-based-going-to-the-root-of-the-problem) lines, then we obviously have to rethink the concepts of

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62. Joel Bakan, *Corporation: The Pathological Pursuit of Profit and Power* (Free Press, 2005); and Marjorie Kelly, *The Divine Right of Capital: Dethroning the Corporate Aristocracy* (San Francisco: Berret-Koehler, 2003).

63. Michel Chossudovsky and Andrew Gavin Marshall (eds.), *The Global Economic Crisis: The Great Depression of the XXI Century* (Montreal: Global Research, 2010); Matt Taibbi, "The Great American Bubble Machine," *Rolling Stone* (July 13, 2009), 1082-1083, [http://www.rollingstone.com/politics/story/29127316/the\\_great\\_american\\_bubble\\_machine](http://www.rollingstone.com/politics/story/29127316/the_great_american_bubble_machine).

'bank' and 'banking',<sup>64</sup> including the mutually related concepts of 'money',<sup>65</sup> 'cost', 'benefit', 'revenue', and 'profit'; the concepts of the 'firm' and the 'corporation',<sup>66</sup> employer-employee and management-owner relationships;<sup>67</sup> the organization of labor and commerce, and ultimately the concepts of 'economics',<sup>68</sup> 'growth',<sup>69</sup> 'wealth'<sup>70</sup> and 'development'<sup>71</sup>; including the largely unexamined concept of the GDP/GNP (Gross Domestic Product/Gross National Product) as a measure of well-being which has been so hegemonic over our economic thinking for the past five decades.<sup>72</sup>

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64. Abdalhalim Orr and Abdassamad Clarke, *Banking: The Root Cause of the Injustices of Our Time*, rev. ed. (London: Diwan Press, 2009); cf. Nik Mahani Mohamad, *Rethinking the Islamic Financial System* (Kuala Lumpur: Saba Islamic Media, 2010).
65. See for instance the important work of Thomas Greco, Jr., *The End of Money and the Future of Civilization* (Chelsea Green, 2009); and his website [www.reinventingmoney.com](http://www.reinventingmoney.com); and Deirdre Kent, *Healthy Money, Healthy Planet: Developing Sustainability through New Money Systems* (Nelson, New Zealand: Craig Potton, 2005). Cf. Ahmed Kameel Mydin Meera, *Real Money: Money and Payment Systems from an Islamic Perspective* (Kuala Lumpur: IIUM, 2009).
66. Joshua Karliner, *The Corporate Planet: Ecology and Politics in the Age of Globalization* (San Francisco: Sierra Club Books, 1997).
67. Susanna Hoe, *The Man Who Gave His Company Away: A Biography of Ernest Bader, Founder of the Scott Bader Commonwealth* (Wollastons, UK: Allison Printers, 1995).
68. Bill McKibben, *Deep-Economy: The Wealth of Communities and the Durable Future* (Oxford: Oneworld, 2007).
69. Tim Jackson, *Prosperity Without Growth: Economics for a Finite Planet* (London: Earthscan, 2009); cf. Clive Hamilton, *Growth Fetish* (Sydney: Allen and Unwin, 2003).
70. Juliet Schor, *Plenitude: The New Economics of True Wealth* (New York: Penguin, 2010).
71. Gilbert Rist, *The History of Development: From Western Origins to Global Faith* (London: Zed Books, 2003).
72. The basic problem with the GDP is that it does not differentiate between costs and benefits, and hence it sees both as *productive* output. Alternatives to the GDP include ISEW (Index of Sustainable Economic Welfare) and GPI (Genuine Progress Indicator), see "Progress," and "Genuine Progress Indicator," in *Adbusters* (August/September 2009), 33-35. For an alternative to the GNP, see Clifford W. Cobb & John B. Cobb, Jr., *The Green National Product: An Alternative to Gross National Product* (Lanham, Md.: University Press of America, 1994). In the small Buddhist country of Bhutan, the state uses its own homegrown holistic Gross National Happiness (GNH) to replace the GNP; see Karma Ura and Dorji Penjore (eds.), *Gross National Happiness: Practice and*

It is beyond the scope of this general re-visioning to go into these re-thinking in any detail. I myself have started researching these issues only recently and am still in the process of critically synthesizing them within a coherent and viable counter-economic framework which engages conventional economics leading to a positive *counter-economics* and while systemically grounding itself in our worldview, tradition sacred law and history. But if we have more like-minded intellectuals, researchers and ulama joining hands and minds in systemically rethinking these foundational *mu'amala* issues, then eventually something positive will bear fruit, intellectually and operationally, in the very near future, *in shā Allāh*. By way of example, I believe everyone should seriously consider Chris Cook's very sound and practical ideas on "21st Century Islamic Finance," based on various forms of "debt-free asset-based finance" and "mutual interest-free deficit-finance or credit" that are "entirely consistent with the values underpinning Islam."<sup>73</sup>

It is also pertinent here to say that this manner of systemic rethinking has been taking place for some time amongst the more conscientious economic and social thinkers and intellectuals of the West, such as Karl Polanyi,<sup>74</sup> E. F. Schumacher,<sup>75</sup> Kenneth Boulding,<sup>76</sup> Bill McKibben,<sup>77</sup> Herman Daly,<sup>78</sup> Howard

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*Measurement*. Proceedings of the Fourth International Conference on Gross National Happiness (Thimpu, Bhutan: Center for Bhutan Studies, 2009). I believe all Muslim countries should follow suit!

73. Chris Cook, "21st Century Islamic Finance," 19-20; see also idem, "Limited Liability Partnerships as Development Mechanisms," *Awqaf Insights* (2007/1428), 23-26.

74. Karl Polanyi, *The Great Transformation* (Boston: Beacon Press, 1957).

75. Ernst Freidrich Schumacher, *Small is Beautiful: Economics as if People Mattered* (New York: Harper, 1989); see also his *Good Work* (New York: Harper & Row, 1979).

76. Kenneth E. Boulding, *The Meaning of the Twentieth Century* (New York: Harper & Row, 1964); see also his *Beyond Economics* (Ann Arbor: University of Michigan Press, 1968).

77. Bill McKibben, *Deep-Economy: The Wealth of Communities and the Durable Future* (Oxford: Oneworld, 2007).

78. Herman E. Daly, *Beyond Growth: the Economics of Sustainable Development* (Boston: Beacon Press, 1997); see also Herman Daly, John B. Cobb, Jr. & Clifford W. Cobb, *For the Common Good: Redirecting the Economy toward Community, the Environment, and a Sustainable Future* (Boston: Beacon Press, 1994).

Zinn,<sup>79</sup> Noam Chomsky<sup>80</sup> and Hazel Henderson,<sup>81</sup> including Mark Anielski (with his interesting book, *Economics of Happiness*),<sup>82</sup> many of whose proposed solutions are in harmony, at least in spirit, with the Islamic imperatives of giving, gifting, sharing, temperance, moderation, justice, mutuality and gratitude, as these were realized in the long history of our traditional, community-centered socio-economic institutions. As a case in point, I see much of the traditional Islamic economic ethos reflected in the “green economics” of Molly Scott Cato and in Tim Watson’s economics of “growth-less” prosperity.<sup>83</sup>

Muslim economists, including intellectuals, policy makers, *fuqahā'* and ulama in general, should make it an aspect of their communal obligation (*fard kifāya*) to take a deep, critical and proactive interest in these constructive trends toward an alternative or counter-economics, and thereby contribute a systemic and creative Islamic viewpoint to the global post-economic discourse. One important aspect of this communal intellectual obligation would be for ulama, researchers and intellectuals to work together to rearticulate traditional Islamic economic ethics<sup>84</sup> in contemporary terms, and then to systemically work out the implications of this ethical framework for what is actually happening on the ground now in the modern economy. Thus the IGE outlined here can be the basis of a comprehensive, long term Islamic Economics Research Program

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79. Howard Zinn, *A People's History of the United States* (New York: Harper & Row, 1980); see also the new, abridged teaching edition (New York: New Press, 2003).

80. Noam Chomsky, *Profits over People: Neoliberalism and Global Order* (New York: Seven Stories Press, 1999).

81. Hazel Henderson, *Beyond Globalization: Shaping a Sustainable Global Economy* (West Hartford, Connecticut: Kumarian Press, 1999).

82. Mark Anielski, *The Economics of Happiness: Discovering Genuine Wealth* (New Society Publishers, 2007); cf. the important book on the intrinsic relation between civil happiness, civil society and civil economy, and how that relation was subverted, Luigino Bruni, *Civil Happiness: Economics and Human Flourishing in Historical Perspective* (New York: Routledge, 2006).

83. Molly Scott Cato, *Green Economics: An Introduction to Theory, Policy and Practice* (London: Earthscan, 2009); and Tim Jackson, *Prosperity Without Growth: Economics for a Finite Planet* (London: Earthscan, 2009).

84. For instance, the economic ethics of al-Rāghib al-Isfahānī (d. 443/1060) as nicely summarized in Yasien Mohamed, *The Path to Virtue: The Ethical Philosophy of al-Rāghib al-Isfahānī, An Annotated Translation, with Critical Introduction, of Kūtāb al-Dharī'ah ilā Makārim al-Sharī'ah* (Kuala Lumpur: ISTAC, 2006), 375-414; cf. the ethics of *infāq* (spending, provisioning) in Ja'far al-Dimashqī (circa 600 H), *al-Ishārah ilā Maḥāsīn al-Tijārah*, trans. Adi Setia, *The Indicator to the Virtues of Commerce* (Kuala Lumpur: IBFIM, 2011).

(IERP) leading to the eventual reclaiming and reviving of our civilizational heritage in the economic domain of life. We should view our tradition as the beacon of the present toward the future.

In tandem with the growing worldwide trend *away* from the Scoop *toward* the Gift economy, leading eventually to a future of *global conviviality*,<sup>85</sup> Muslims today should remind themselves (through the works of Professor Murat Cizakca, for instance)<sup>86</sup> that they *do* have a 1000-year civilizational track record in developing a successful and prosperous *global gift economy*, and that they should start revisiting, reviving and reliving that track record,<sup>87</sup> both for their own well-being and for the well-being of humanity at large, and both for today and for the future: *wa ja'alnākum shu'ūban wa qabā'ila li yata'ārafū* = *and We have made you nations and tribes that you may become acquainted with one another* (*al-Hujurāt*: 13).

*wa man yashkur  
fa innamā yashkuru li nafsihī  
and whosoever gives thanks,  
he gives thanks for the good of his own soul.*<sup>88</sup>

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85. Ivan Illich, *Tools for Conviviality* (New York: Harper & Row, 1973). See also Abdullah Sharif, *Creating a World that Works for All* (San Francisco: Berret-Koehler Publishers, 1999).

86. Murat Cizakca, *A History of Philanthropic Foundations: The Islamic World from the Seventh Century to the Present* (Istanbul: Bogazici University Press, 2000); idem, *A Comparative Evolution of Business Partnerships: The Islamic World and Europe, with Specific Reference to the Ottoman Archives* (Leiden: Brill, 1996); idem, "Ottoman Cash *Waqfs* Revisited: The Case of Bursa 1555-1823," in *Foundation for Science, Technology and Civilization Limited* (June 2004), 1-20.

87. As is happening in Egypt, for instance; see Daniela Poppi, "From Religious Charity to the Welfare State and Back: The Case of Islamic Endowments (*waqfs*) Revival in Egypt," *EUI Working Papers*, RSCAS No. 2004/34, 1-12.

88. *Luqmān*: 12.