

New Directions for Islamic Economics

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Global Development in Teaching Islamic Economics

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Understanding the ideological battle

RE-SHAPING MINDS: GLOBAL RELIGION OF ECONOMICS



Our Collective Identity

The MOST IMPORTANT QUESTION: Who am I?

Western Economics: I am "*homo economicus*"

Cold & Callous: I feel no emotions

Hedonist: Purpose of my life: Maximize Utility, to the last penny!

Individualist: I only care about myself, no knowledge of, or interest in, others



Why are we taught nonsense?

Has it always been this way? NO –

Polanyi: The Great Transformation to Market Society – Enclosure created mass poverty, misery

Capitalism **REQUIRES** a labor market!

Lives for sale. **EDUCATION** designed to turn us into a human resource. **UNABLE** to think **BIG**

GOAL of our lives: Earn dollars, Get Pleasure!



Why do we BELIEVE nonsense?

History SHAPES our thoughts DEEPLY!

Edward Said: Orientalism – European Global Conquest PERMEATES European Literature.

Power/Knowledge of Michel Foucault – The knowledge we have of the world is shaped by powerful interests.

Iraq War: WMD, Evil Dictator, Democracy



To be SHAPED by power, we must
be fed MYTHS about history

Myths about Colonialism: Benign rule, Beneficial
for the people, created development.

Shashi Tharoor: Era of Darkness:

Inez Hollander: Silenced Voices

The truth is SO HORRIBLE it cannot be STATED. It
would cause DEEP trauma for both parties.



Modern Economic Theory

Manifestation of European Power. Justification of Brutal Colonialism

Religion of Capitalism: Cut-throat Competition. Evolutionary Jungle, Greed is sole motive.

Today, Western Power inculcates this story in all minds – Capitalism is the World Religion

Pretends to be secular, rational, & positive



Central Economic Question:

Why West is Rich & East is Poor?

David Landes: Westerners are honest, rational hardworking, creative, imaginative, scientific

L.S.Stavrianos: Global conquest enriched West and impoverished East.

But WHY did West conquer East?

Comparative advantage in violence, created by centuries of brutal & ruthless warfare. The military revolution, creative finance.



Islamic Economics: Quest for Identity

Battle between competing views of ourself –
Western WorldView: All mankind was in darkness, until Enlightenment of West. We were barbarians and savages until West educated us. Justifies conquest & brutality: “savage wars of peace!” Rudyard Kipling.

Islamic WorldView: Mankind in darkness until advent of Islam.



**POWER/KNOWLEDGE:
REAL BATTLE IS FOR MINDS & HEARTS**



GOAL of Life? Economic Theory: Pleasure, Power, Wealth, Career

[57:20] “*Know that the life of this world is only play and amusement, pomp and mutual boasting among you, and rivalry in respect of wealth and children, as the likeness of vegetation after rain, thereof the growth is pleasing to the tiller; afterwards it dries up and you see it turning yellow; then it becomes straw. But in the Hereafter (there is) a severe torment (for the disbelievers, evil-doers), and (there is) Forgiveness from Allah and (His) Good Pleasure (for the believers, good-doers), whereas the life of this world is only a deceiving enjoyment*”.



Battle to save the lives of our students

The Coca-Cola Theory of Happiness.

Easterlin's Paradox: Setpoints & Comparative
Worship of Nafs – Cruel Illusion.

Stairways of Silver.

Happiness Studies: Real Sources of Happiness
are internal

Hadeeth: True Wealth is contentment of heart.



Teaching Goal 1: Discuss Goals of LIFE

Student's Life Goals:

To serve selflessly all of the Creation of God, for
the sake of the Love of God



Counter Hedonism

Utility Maximization → unhappiness!

Islamic Economics: Do NOT worship Nafs. Do not ENVY others. Gratitude for Gifts of God.

Contentment is Wealth!

Students need guidance about HOW TO LIVE – NOT about how to make money –

Islamic Economics is about providing guidance



Teaching Goal 2:

Sources of Happiness

- Teach students about real sources of happiness
- Teach students the ILLUSION of worldly Goals
- Teach students about the DECEPTIONS of Hollywood – makes UGLY things attractive, and ATTRACTIVE thing ugly.



Secrets of Happiness

Family: DUTY towards mother, father, wife, child

Kinfolk: Sila Rahmy emphasized

Neighbors: Extreme emphasis on DUTY

Community: You are one community. Every part feels the pain of others.

Service of fellow human beings: Every step of effort equals 10 Years of Worship.



Teaching Goal 3

You are infinitely precious

Develop the potential for excellence in student
EVERY STUDENT has potential to change the
world. Believe that MAN has been created as
the BEST of the creation

Teach Students to reach for the stars.

Make best use of SINGLE chance to LIVE



Value of Lives

[5:32] *We decreed upon the Children of Israel that whoever kills a soul unless for a soul or for corruption [done] in the land – it is as if he had slain mankind entirely. And whoever saves one – it is as if he had saved mankind entirely.*

Economic Theory: Value of Labor = Marginal Product of Labor. Teach student to sell their lives cheaply!



Teaching Goal 4: Restore Self-Confidence

Counter Eurocentric History – Theft of History

Transmission of Knowledge from Al-Andalus
changed Dark Ages to Enlightenment

Newton stood on shoulders of Giants

Copernican Revolution – Translation from Arabic

Alkhwazizmi: Algorithms

Ibnul Haytham: Inventor of Scientific Method.



Re-Tell Eurocentric History

- World Civilizations over-run by Barbarians
- Theft of History
- Global Participation in Making of History
- Central Importance of Learning How to Live
- Being Human is more important
- Science has done more damage than good.



Teaching Goal 5

Personalized Human Development

Do not teach Fish to Fly! Do not turn students into human resources, standardized parts for use in capitalist factories for production of wealth.



Recognize & Develop Unique Potentials

- Every moment is new
- Every human is completely unique
- Experience blinds us
- How to find what never was, never will be



TRANSLATING THEORIES TO POLICY



Islamic Economics VS Capitalism

Islamic Principles

- Cooperation
- Generosity
- Social Responsibility
- Community
- Service to Mankind

Modern Market Society

- Competition
- Greed
- Laissez Faire
- Individualism
- Hedonism: self-service



Greatest Transformation in Human History

Rise of Muslims from top to bottom

WAHY starts with: God gives man KNOWLEDGE!

What was the knowledge that was given?

Is it still as powerful as it was 1440 years ago?

COMMON DELUSION:

Today, we must follow the West to progress

Marx: Capitalism works by making laborers believe in necessity of their own exploitation.



Transformational Strategies

Change Goals: Individual & Collective

West: Follow us and become rich like us.

Quran: Material gain is earning of illusion.

Extreme unhappiness, Minister of loneliness,
more than half children to single mothers.

Humans are the best of creation. Instead of
using humans as resource to make wealth, use
wealth as resource to make humans.



Build Social Institutions

- Family, Kinfolk, Neighborhoods = Cells
- Home, Masjid, Juma, Eidan
- Increasing European Power: Feudal – City States, Nations
- Re-Vitalize the Ummah



Build Economic Institutions

- Amana
- Shirket
- Takaful
- Waqf
- Guilds
- Money



Darul Amana=Narrow Banks

- Accept Deposits
- Protect and Guard Money from loss in value
- Facilitate Transactions and Transfers, in Time and Place
- No INVESTMENTS – Glass-Steagall Act



Darul Musharka

- Investment Banks Take Business Risks to make money
- Evaluate Risks, Participate, Share
- Current System: Adversarial, Finance only
Wealthy, Deceptive Mortgages, Loans



Regulation: No Trading of Debt

- Loans are ONLY for SOCIAL transactions, NOT for Market Transactions
- No Student Loans (Qarz-Hasana is fine)
- INVEST in future of society – plant trees even on Yomul Qiyamah. Except Reward from Allah



Waqf: Spend on Others

- All social services provided by Waqf.
- Spend ALL surplus on collective social interest
- Contrast with Bank – Max Weber: Spirit of Capitalism is irrational pursuit of wealth for its own sake.



Basic Needs:

Collective Social Responsibility

Education, Health, Food, Welfare: Primary Economic Problem (NOT growth)

Markets are HOPELESSLY bad at allocation of basic needs.

Public Schools, Hospitals – all citizens equally entitled to social services



Insurance Versus Takaful

- Insurance is Adversarial
- Takaful is Cooperative



Guilds VS Monopolies

- Mission: Provide Service to Community
- Profits: MEANS to an end
- CONVERSE of MBA – Friedman's Principle:
ONLY Business of business is to make profits.
Haram to provide social service!



Money as TRUST

- A man's word is GOOD.
- Today – Money is multiple frauds.
- High Levels of Trust, Low need for money.
- Recognition of REAL Resources (LOST)

