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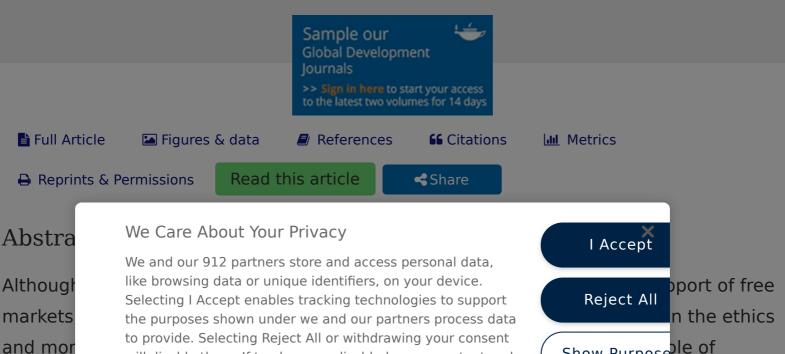
Analysing Financial, Economic and Capitalist Crisis: Old and New Logics

The Economic Crisis, Capitalism and Islam: The Making of a New Economic Order?

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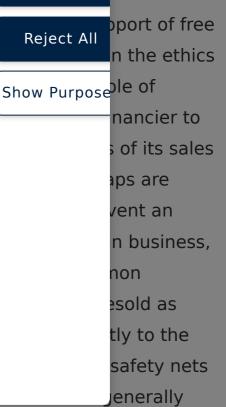


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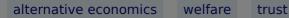


argue that state directed financial regulation of banking and insurance backed by good corporate governance and responsibility with a progressive taxation system can prevent future economic catastrophes without looking at alternative systems of capitalism. However, systemic in the rules of libertarian economics is freedom from rules—that rules of ethics or morality are an unnecessary thing. In contrast, Islamic economics builds in moral regulation, state and person-directed as a condition of the capitalist enterprise. This paper focuses on the significant growth of Syariah-compliant finance in Malaysia, Brunei and the MENA region and suggests that moral regulation in Islamic finance lacks the connectivity with earlier systems of welfare capitalism already in place in these regions at the end of colonial rule. Syariah compliant finance could complement post-colonial forms of welfare capitalism if state regulation of assets, national, corporate, and personal in the Islamic world is instituted more widely and with greater transparency. However, oil rich Muslim nations have a growing economic divide and with an increasing population of educated and unemployed youth, the mechanisms of redistribution by Islamic principles must transcend political tribalism, elitism, and libertarian economics. Hence the transformative process to a new economic order remains a challenge to those who believe in the moral rebirth of capitalism through any means.

A pesar de que la economia islamica es compatible con el capitalismo moderno en el			
apoyo de mercados libres, alobalización económica y utilidad, tiene realas			
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progresiva, puede prever catástrofes económicas en el futuro, sin buscar los sistemas alternos del capitalismo. Sin embargo, sistémico en las reglas de la economía libertaria, es la libertad de reglas-esas reglas de ética o moral son algo innecesario. En contraste, la economía islámica cree en la regulación moral, estado y persona—dirigida como una condición de la empresa capitalista. Este documento se enfoca en el crecimiento significativo del acatador de las finanzas Siria en Malasia, Brunei y la región de MENA y sugiere que la regulación moral en el sistema financiero del islam, carece de la conectividad con otros sistemas previos de asistencia pública ya en su sitio en esas regiones al fin del mando colonial. El financiamiento bajo las normas Syariah podría complementar formas de asistencia pública del capitalismo en la época postcolonial, si la regulación del estado sobre el patrimonio, nacional, corporativo y personal en el mundo islámico, fuese instituido más ampliamente y con mayor transparencia. Sin embargo, las naciones musulmanas ricas en petróleo tienen un crecimiento económico dividido y con una población creciente de juventud educada y desempleada, los mecanismos de la redistribución bajo los principios islámicos deben trascender el tribalismo político, el elitismo y la economía libertaria. Por lo tanto, el proceso transformativo a una nueva orden económica, sigue siendo un reto para aquellos que creen en el renacimiento moral del capitalismo a través de cualquier medio.

尽管伊斯兰经济与现代资本主义若合符节, 但在经济	这体现在它支持自由市场、	经济全球化和利润; (或 riba)、
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Notes

This research is ongoing, following a paper written on historic transformations in Muslim business and commercial practices in Southeast Asia, resulting from Arab-Hadrami migration in Southeast Asia. The paper entitled 'Philanthropy and Trust: Hadrami Diasporas in Southeast Asia and Economic Transformation' will be published as an edited volume with Profs Engseng Ho (Duke) and Abdul Sheriff (ZIORI) as co-editors of the volume, 'Indian Ocean: Oceanic Connections and the Creation of New Societies' (Forthcoming 2011).

See section on global wealth management at <u>http://www.ml.com?</u> id=7695_8134_8299_6710

The economic crisis was signalled to end at the anniversary of Lehman Brother's bankruptcy in September 2009, demonstrated by President Barack Obama's strong words of warning for proper regulation in global financing.



Muslims have to specifically ask for regular banking, current or savings accounts if they do not want Islamic based banking. The CIMB bank in Malaysia makes it mandatory for Muslims taking CIMB car loans to use the mudaraba scheme.

Permodalan Nasional issues unit trusts at fixed prices per unit, e.g. Amanah Saham Bumiputra (ASB) Amanah Saham Didik (ASD) or market prices, e.g. Amanah Saham Nasional (ASN) and invests the money in industries such as palm oil, commodities and real estate with guaranteed returns higher than those offered by commercial banks through fixed deposit, savings accounts, etc.

Statement made by Dato' Noorazman A. Aziz, Managing Director of Bank Islam. See <u>http://www.bankIslam.com.my/Bank_Islam_MAIS_Offer_Online</u>.

Fitrah payments are much smaller, usually about \$2 per person per household. This tithe is compulsory and is usually paid by the head of the household for all dependants, including unmarried Muslim servants. There are central collection stations to pay fitrah during Ramadhan and these are usually based in mosques. Muslims pay according to where they regularly pray within their khariah (congregation or parish). An increasing number choose to pay directly to the poor within their congregation.

In one collection alone which the writer was involved, in the state of Penar	ig, the
collection amounted to RM45,000 or \$3,200. There were about 20 of these	groups
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charities	. It is
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In late 2	icerning
Islamic i	first attempt
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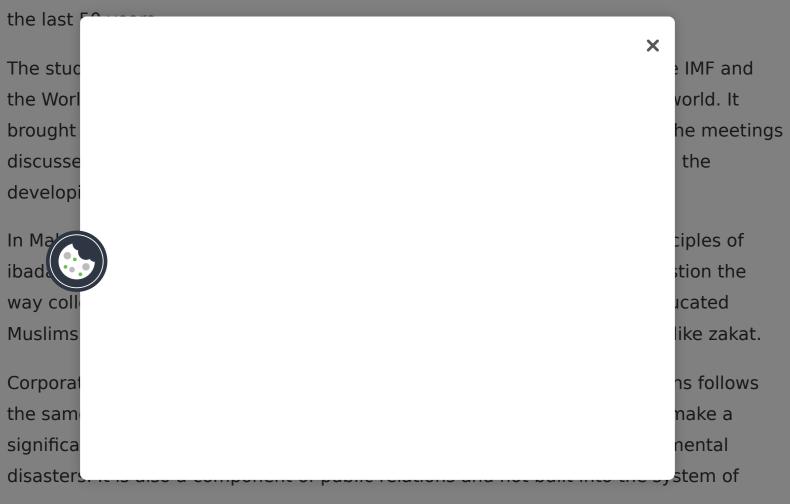
In the case of Malaysia, zakat contributions are solely collected from Muslim Malaysians but Brunei withdraws surplus from public investments for zakat.

In the article, 'HM hands zakat funds to some 4,084 families', it was stated that each recipient under the fakir miskin (poor) category will receive monthly monetary assistance to cover costs such as their basic food and drinks expenditure, daily living expenses, children's school expenses and house rental assistance. Head of the family receives \$20,000, while their dependants receive \$10,000 each. A special Hari Raya zakat (end of the month of Ramadhan) was also distributed a total of \$3,000 for the heads of the family and \$2,000 for every dependant under them (Ubaidullah Masli, 2009).

The remaining amount of zakat left over after the distribution of the \$90 million, would be distributed to eligible applicants on the list (who have yet to be approved) after the first 4,084 families were approved as of 31 July 2009.

Contracted about 1.5% in 2009.

Brunei aims to issue sukuks at least every two weeks in 2009, with a maturity of three months, one year, two years and more.



The growth rate of labour, mainly from migrant workers has been unprecedented over

redistribution of profits to shareholders, e.g. welfare deductions in dividends. Zakat is automatically deducted for Syariah-compliant shares.

Islamic banking procedures use insurance as a buffer against risks as in mainstream banking and does not cover clients welfare as part of corporate social responsibility.

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