Index

AAOIFI recommendations
governance standards 237, 239, 346
revenue recognition 233, 234, 236
Shari‘ah board definition 337–8
sukuk (fixed income bonds),
regulation and supervision 403
Ab Rahman, A. 486
Abdallah, W. 255, 256
Abdel-Mohsin, M. 476
Abduh, M. 3, 531
Abdul-Rahman, Y. 337
Abdullah, M. 484
Abu Al-Foul, Bassam 212–23
Abu-Bakar, N. 453, 454
Abu Rumman, M. 632
Abu Ubayd 24
Abu Yala al-Farra 653
Abu Yusuf 24, 25–6, 458, 459
Abu Zahra, M. 444
Abu Zuhra, A. 447
Abu’l-Fazl 31, 33
accounting triangle, measurement,
disclosure and enforcement
227–42
accountability to society, need for
229
accounting techniques and economic
and social management 227–8
cash accounting problems 233
conventional accounting principles,
concerns over 228–9
corporate governance principles,
Western perspective 249
current market value, use of 234
dual nature of accounting activities
229
equality, justice and welfare of
society 232
expense recognition 233–4
firm, concept of 247–8
historical evidence 227
Islamic perspective 228–30
Islamic religious auditing 645
judgements and choices with
economic consequences 228
ownership and degree of reasonable
certainty 233
principles-based approach, need for
234
rationalism as philosophical
foundation of conventional
accounting 228–9
recognition and measurement 233–4
shareholder value and creative
accounting 229
and Shari‘ah 231–3
statement of financial position
(balance sheet) 234
taklif (accountability) 232–3
timing 233–4
Western rationalism and the Islamic
view, differences between 230
zakat (religious levy) 234, 235
accounting triangle, measurement,
disclosure and enforcement,
authority and enforcement 236–40
accountant and auditor honesty
236–7
global harmonization, need for 239
international autonomous bodies
and accounting standards
238–40
morality and ethics of economic
agents 236–7
Shari‘ah compliance 238
statutory financial audit 237–8
accounting triangle, measurement,
disclosure and enforcement,
corporate disclosure 234–6
employee well-being 235
information overload concerns 236
reliability principle 235
and social responsibility 235
Acemoglu, D. 630
Ades, A. 293
Adewale, Abideen Adeyemi 417–34
Handbook on Islam and economic life

Adiyeke, N. 517
‘affordable housing’ promotion 638, 640, 641–2
Afghani, J. 522, 530–31
age distribution, socio-economic profile 201–2
agency issues 143–4, 258–9, 354, 356, 364–6
Aggarwal, R. 366
Aghnides, N. 455, 457
Agung, W. 425
Ahmad, Akber 538
Ahmad, A.U.F. 467
Ahmad, Ausaf 130
Ahmad, E. 261
Ahmad, Imad-ad-Dean 251
Ahmad, Israr 460–61
Ahmad, K. 38, 93, 98, 324, 377
Ahmad, Khurshid 568
Ahmad, Mahfooz 459
Ahmad, Mehboob 568
Ahmad, Mumtaz 529, 537
Ahmad, Z. 4, 568, 587
Ahmed, A. 407
Ahuja, S. 486
Akerlof, G. 77
Akhtar Aziz, Z. 342
Al-Amidi, S. 172
Al Awadi, R. 555, 556
Al-Ba’albaki, R. 162
Al-Baharna, H. 415
Al-Baladhuri, A. 290
Al-Buharti, M. 329–30
Al-Dasuqi, H. 177
Al-Maweardi, A. 24, 25, 255–6, 522, 523, 524–6, 527, 529, 532, 555–6, 653
Al-Mazeedi, H. 177
Al Misri, R. 562
Al-Mubarak, M. 255
Al Mulla, H. 408
Al-Qaradawi, Y. 182, 378, 555
Al-Qardawi, A. 455–7, 464, 465, 466, 469
Al Qardhawy, F. 450
Al Qari, M. 559
Al-Qurashi, Y. 24, 28
Al-Ramli, K. 34–5
Al-Rayes, D. 23
Al-Razi, F. 168
Al-Sarakhsi, M. 330
Al-Shatibi 99, 100, 466, 499
Al-Shawkani, M. 314
Al-Shaybani, M. 29
Al-Suwailim, S. 315
Al-Suyuti, J. 32
Al-Tahtawi, R. 37
Al-Tasawwuli, A. 330
Al Tayar, E. 375
Al Tumurtashi, M. 32
Al-Uqayli, M. 36
Al-Uthaymin, A. 35
Alam, S. 587
Alam Shah, R. 366
Alatas, S. 284, 288
alcohol and intoxicants, prohibition of 99, 184–5
Algaoud, L. 260, 587, 645
Ali, A. 261, 262
Alina Alias, Tunku 475–95
an-Nabhani, T. 522, 529–30, 532
analytical tools 90–110
choice and scarcity problems of agents, lack of analysis of 93
conventional economics, comparison with 91, 93
criticism of Islamic economics 90–91
development and supply curves 90
efficiency concept 92
‘freedom of action and collective responsibility’ principle 90
issues and approaches 91–4
methodological approaches, disagreement over 92–3
micro-foundations, analysis of 91–2
positive and normative aspects, need for 93
profit and social considerations 92
*Shari‘ah* principles and worldview 91, 93
value-neutral nature 90
analytical tools, neoclassical
marginalist tools, compatibility with 93–106
application of marginalist analytical tools 100–106
choices based on marginal analysis and equi-marginal principle 99, 106
consumer’s optimization problem 100–103
diminishing marginal utility in consumption and diminishing marginal productivity in production 98
*falāḥ*, attainment of 97–8, 100, 101, 104
mathematical modelling, use of 96
optimization, self-interest and altruistic features (value-laden) 97
producers’ optimization problem 103–6
profit-sharing, distribution to charity out of common profit 103
scarcity and feasible allocations 96–7
scarcity and feasible allocations, and *Shari‘ah* law 97
scarcity and maldistribution problems 96–7
scarcity of resources and feasible allocations 96, 100–103
analytical tools, resource allocation principles and market economy 92, 94–6
diminishing marginal utility in consumption and diminishing marginal productivity in production 95
efficiency allocation 95–6
marginal analysis, choices based on and equi-marginalist principle 95
mathematics, use of 95
scarcity and feasible allocations 95
animal welfare *see under halal food industry*
Antonio, M. 430
Anwar, M. 467–8
Apreda, R. 244
‘*aqilah* (blood money) 446–7
*Arab Spring*
microfinance effects 420
and political authority 529
*Arab Spring, events preceding* 610–35
democratization assessment 630–32
discrimination against women, prohibition of 629
education levels 616, 618
education levels, and gender gaps 624–5, 626
GDP per capita 617, 618–19
gender gaps 624–9
human development, comparative 614–19
human development diversity 611
labor force participation rates and gender gap 625–9
language, Arab world defined by 611
life expectancy 614–18
Mediterranean countries and Euro-Mediterranean Association Agreements 614
population of Arab states 612
UNDP *Arab Human Development Report* 610
*Arab Spring, events preceding, Arab Mediterranean*
democratization assessment 631–2
education levels 616
education levels, and gender gaps 625, 626
GDP per capita 617, 619
labor force participation rates and gender gap 625, 627, 628
life expectancy 615, 616–17, 618
population growth and water scarcity 620–22, 623–4
*Arab Spring, events preceding, fuel-endowed countries*
democratization assessment 631
education levels 616
education levels, and gender gap 625, 626
GDP per capita 617, 619
identification of 612–14
labor force participation rates and
gender gap 627
life expectancy 615
population growth and water
scarcity 620–22, 623
Arab Spring, events preceding, Latin
America
education levels 616
education levels, and gender gaps
625, 626
GDP per capita 617
labor force participation rates and
gender gap 625
life expectancy 615, 617
population growth and water
scarcity 620–22
Arab Spring, events preceding,
sub-Saharan Africa
democratization assessment 631
education levels 616
education levels, and gender gap 625, 626
GDP per capita 617, 618–19
labor force participation rates and
gender gap 625, 627
life expectancy 615, 617–18
population growth and water
scarcity 620–22, 623
arbitration laws, sukuk (fixed income
bonds) 413–14
arbun (down payment), derivatives 326
Arif, M. 91
Ariff, Mohamed 93, 97, 195–211
Armajani, Y. 34
Arrow, K. 302
Asad, M. 529
Ashraf, A. 418
Ashtor, E. 463
Askari, H. 39, 92, 252, 261, 479
asset ownership
asset-backed transactions, questions
over 579–80
and prohibition of leverage 316
sukuk (fixed income bonds) 398–9
asset-based debt to finance public
expenditure 653–4
Asutay, M. 93, 568
Atherton, J. 271
Ayub, M. 331
Ayubi, N. 521, 529
Babeair, A. 295
Bacha, O. 326, 332
Badawi, J. 260
Baden, S. 212, 213, 214, 215
Baeck, L. 23
Baele, L. 356, 357
Bahlul, R. 243
Bahrain, sukuk and enforcement of
judgments and awards 410
Bai-mua’jjal contract, microfinance
426
Bakhtiar, L. 476
Bälz, K. 406
Bangladesh, Rural Development
Scheme (RDS) 420–21
banking
bank interest, dealing with 118–19
cash waqf and modern banking
services 478–9, 489
Grameen banking model 421
investment account depositors, need
for enhanced set of rights 260
investment deposit guarantee 149
‘phantom profits’ 642
reforms 207
shadow banking system 644–5
waqf (charitable trust) versus banks
61–3
Bari, F. 48
Barkan, Ö. 504, 509, 517
Barnes, J. 475, 476, 477
Barro, R. 569, 630, 634
barter exchange problems 25, 119–20
Barton, J. 570
Bashir, F. 71–2
Baskan, F. 270
Batchvarov, A. 331
Bauman, Z. 61
bay bithaman ajil (BBA) (deferred payment sale) 319
bay’ (sales contract) see under structural compliance of Islamic finance with Qur’anic interpretation
Baydoun, N. 235, 249, 254, 258
Becker, G. 52
Beekun, R. 260, 377
Belabes, A. 71–2
Bello, D. 438
Ben Shemesh, A. 455
bequests see gift economy and waqf (charitable trusts)
Bergemann, D. 360, 367
Bernanke, B. 646
betrayal and abuse of trust 284, 291–2
see also corruption
betting see gambling
Bhagat, S. 250
Bidani, B. 438
Bikmen, F. 484, 487
Bivell, V. 385
Bjønnes, R. 437–8
Black, A. 523
Blair, M. 250, 258
Blanke, G. 412
Blaug, M. 3, 94, 95, 96
Blaydes, L. 595, 597–9, 602, 605–6, 607, 608
Block, S. 130
Blum, J. 244
Boff, L. 588
borrowing
monetary expansion and lending–borrowing relations 32
price certainty and balance between borrowers 315
public borrowing and budget deficit see budget deficit and instruments of public borrowing
see also debt; loans
Brennan, G. 386
Breslin, J. 212
bribery see under corruption
Briston, R. 227
brotherhood concept 60–61, 67, 86, 252
Brown, L. 525
Browning, E. and J. 557
Buchanan, J. 302
Buckley, G. 422
budget deficit and instruments of public borrowing 541–64
government surpluses 555
inflationary pressures 558
involuntary public debt and seignorage 558, 559
public expenditure types 555–6
public property sales 560–61
reasons for studying 541–4
social justice implications and inter-generational effects 557–8, 559
stimulus packages 653
taxation 549, 555
voluntary contributions 556
budget deficit and instruments of public borrowing, non-debt financing instruments 544–50
democratization of public projects 549
ijarah (leasing) 544–5, 548, 549
output sharing instruments with no valuation of capital 547–8
profit-and-loss-sharing instruments 545–7, 549
profit-and-loss-sharing instruments, mudarabah instruments (profit-sharing) 546–7, 549
profit-and-loss-sharing instruments, sharikah-based (shareholding) instruments 546, 549
public financing and specific projects 549
share certificates 546, 548, 549
Shari’ah compatibility 545, 547, 554–7
and taxation 549
budget deficit and instruments of public borrowing, provisions of public goods alternatives to 542–3
and non-rivalry and non-excludability 541–2
private provision 542–3
third-party guarantees 543–4, 559
voluntary and philanthropic waqf
542
budget deficit and instruments of
public borrowing, public debt
modes and certificates 550–54
ifarah (leasing) bonds 553
inflation protection 554
involuntary public borrowing
553–4
loan-based financing and foreign
currency bonds 553, 559
mark-up-based public debt,
markabahah (mark-up known to
buyer) 551, 559
public utility warrants and recurrent
supply agreement (istijjar) 552
riba (interest) 553–4
riba-based fringe benefits,
prohibition of 550
salam certificates (deferred delivery
sale) and istisna’ (works with
specifications) coupons 551–2
Shari’ah compatibility 550, 552, 553,
554, 559
wadi’ah (early payment) 550, 551
Burchell, S. 227, 228
business
activities acceptable to Islamic
principles 371
finances for activities that have no
disclosed purpose 141
ownership, female labor force
participation 215
proposals, deciding on, and riba
(interest) 117
success ascribed to particular
religious groups 271
see also commercial interests;
corporate governance
principles, firm, concept of

Cakir, S. 397
Caliphate, revival of, political authority
529–30
Camerer, C. 284
Candra, H. 486
capital asset pricing model (CAPM)
126
capitalism
alternatives 37
criticism of 40
ethical Islamic 514
and pursuit of wealth 47
Carkoglu, A. 487
Carruthers, B. 228
Casale, G. 516
Casamatta, C. 360–61, 367
cash use 233, 478, 489
Casson, M. 301
Cayman Islands, regulatory framework
of sukuk 402, 406–7
Chaney, E. 595, 597–9, 602, 605–6,
607, 608
Chapra, M. Umer 2, 40, 93, 107, 232,
271, 278, 377, 430, 454, 522, 541,
558, 568, 576, 586
charity
charitable trusts see waqf (charitable
trusts)
profit-sharing, distribution out of
common profit 103
and voluntary service, and poverty
alleviation 442–3
Chaudhry, M. 462
Chaudry, Muhammad 175–94
Chen, H.-C. 271
Childs, L. 408
Chong, B. 356, 357, 366
Christianity
animals killed by Christians 182–4
external sacred texts and secular
knowledge 570–72, 584
liberation theology and Catholic
social teaching 581–5
see also Europe; Western world
Çizakça, Murat 305, 457, 475, 476,
488, 490, 499–519, 576, 586
Clark, J. 118
classical finance contracts 137–8
classical taxation system 455–9
collectivism
‘freedom of action and collective
responsibility’ principle 90
responsibility for society 59
versus individualist institutions
595–7, 607–8
Collier, P. 611
Colón, J. 407
corporate governance
commercial interests
effects of changes in 600–601
and microfinance funding 424
see also business commodities
Islamic investment funds 374, 375
riba al-fadl restrictions 113–14, 118, 119–20, 125
communism, criticism of 40
competitiveness and market disciplines 258
ranking (World Economic Forum) 279
conflict of interest concerns profit–loss sharing contracts 357, 365
Shari’ah scholars 349, 357, 365
Constitution of Medina, and political authority 521, 535
consultative council (shura) principles 253–4, 261, 378–9
consumer choice and behaviour 100–103, 145, 580
contracts contractual certainty on generation and distribution of profits 312
economic view and contractual relations 246–7
enforcement institutions and Maghribi traders 596–7, 608
ujr (fee- or salary-based contract) 157, 158, 161
cooperation, Islam versus economics 58, 59, 66
Cornelli, F. 367
corporate disclosure, accounting see accounting triangle, measurement, disclosure and enforcement, corporate disclosure
corporate governance principles 243–67
competition and market disciplines, effects of 258
conceptual issues 259–60
decision making and cost–benefit analysis 76
governance and power imbalance 245
hierarchical authority 261
international best practices and moral standards 258
social responsibility, Islam versus economics 63
theory and reality 261–2
corporate governance principles, firm, concept of 245–8
accounting view and use of resources 247–8
economic view and contractual relations 246–7
incorporated and non-incorporated firms, differences between legal view and decision making ‘by whom’ 246
see also business corporate governance principles, governance definitions 243–5
governance as checks and balances 244
governance as decision making 245, 246
governance as discipline 244
corporate governance principles, Islamic decision making 253–7
consultation and consensus seeking 253–4
hierarchical authority 261
hisba (control function of government) 255–6, 257, 261
nepotism in management selection 261
religious supervision 256–7
shura (consultative council) principles 253–4, 261
with what and to whom 256–7
for whom 254–6
by whom 253–4
corporate governance principles, Islamic governance 251–3
bank investment account depositors, need for enhanced set of rights 260
ethical standards 252–3
‘golden era’, call for recreation of 262
legal framework and modern corporate entity 259
mudaraba (trustee financing) principle 259, 260
and pluralism 261
pursuit of knowledge, compulsory nature of 251–2
shareholders treated as equivalent to creditors in a partnership, problems with 259–60
single entity’s control over communal affairs, prevention of 251–2
*Umma* and concept of brotherhood 252
violation of principles 261–2

**Corporate governance principles,**
Western and Islamic systems compared 257–9
agency versus stewardship theory 258–9
religious differences 258
‘stakeholder’ and ‘socially responsive’ corporate paradigms, future research 260

**Corporate governance principles,**
Western perspective 248–50
accounting disclosure 249
formal and informal relations 250
managed corporation 248–51
managed corporation, management monitoring 248
‘secular humanist’ values 258
‘self-interested agents’ model 258–9
shareholders’ interests and investor activism 248–9, 250, 258
socially responsive corporation 249–50
‘triple bottom line’ agenda (economic, social and environmental) 250

**Corr, C.** 418
corruption 283–308
autogenic 285
as betrayal and abuse of trust 284, 291–2
confiscations by corrupt officials 507–8
cultural differences 284
current position 296–9
definition 283–6
and legal norms 285
market-centred approach 284
as moral problem 299, 300
nepotistic 285

**Performance indicators of governance in Muslim countries** 296–7
political 285–6
and public opinion 285
public-interest-centred approach 284
public-office-centred approach 284
rankings (Transparency International) 279–80
secular Muslim elites 529
seriousness classification 284–5
seventeenth century decaying state 34
supportive 285
Western democratic systems, standards incorporated in 285–6

corruption, Islamic perspective, prohibition in Qur’an bribery as exchange of gifts 287–8
bribery, and punishment by terror 290
bribery, zero tolerance for 295
duty of learned to convey to people what is good 287
gifts and bribes, difference between 289–90, 295–6
human nature, conception of 292–3
lack of ambiguity over meaning 291–2
nepotism 288–9, 297–8
revered caliphs on bribery 289–93
*suht* (earnings that destroy the Islamic way of life) 287
*tudlu* (presenting bribes to authorities so they come down on your side) 288
Umar-bin-Khattab and mandates on appointees’ duties and responsibilities 290–91
corruption, tackling 293–5
administrative practices, jurists’ role 294–5
discretionary punishment 294
domestic reforms 298–9
education and reform of social values 293, 299
ethics as public good 302–3
first-order and second-order preferences, distinction between 293, 294, 299, 301–2
Index

law and incentives 294, 298
moral renovation and raising public awareness 300–301
self-restraint and ethical standards 302
value standards 301
Western and Islamic approaches, differences between 299–303
Coşgel, M. 460, 601
cost-plus financing see murabaha
Coulson, N. 107
counterfeiting 25–6
Cox, R. 538
craft guilds 63–4, 504, 510
creative accounting and shareholder value 229
Crecelius, D. 475
credit sale, higher prices for 121, 122–6
credit standards, lapses in 640
criticism of Islamic economics 90–91
Crone, P. 462
Crowe, C. 62
currency
changes 32
cross-currency and profit rate swaps 320–23
debasement problems 25–6
management 206–7
sarf contracts and exchange of currencies 325–6
Dalrymple, W. 68
Dalton, H. 24
Dar, H. 366
Darling, L. 483
Das, S. 636, 643, 644
Dasgupta, A. 94
Davis, J. 258
Davis, K. 643
De Anca, C. 386, 387
debt
debt-based cost-plus sales 317
default risk 136
definition 135–7
destabilizing effect 645–8
discharging and rescheduling for gaining increment, prevention of 141
external debt and reserves 208
financial crises and debt financing, call for reform 80–83
increment amounts 135–6
mark-up-based public 551, 559
in monetary management, role of 81–2
profit-and-loss-sharing arrangements instead of debt financing 580
see also borrowing; loans
decision-making
corporate governance principles 246
Islamic see corporate governance principles, Islamic decision making and mutual consultation (shura) 378–9
deferred payment 121, 122–6, 137–8, 325–6
Defterdar, S. 34
Deguilhem, R. 475, 481, 517
DeLorenzo, Y. 321, 332
Demirguc-Kunt, A. 417, 431
democracy, compatibility with 532–4
democratization assessment 549, 630–32
demographic profile and clash of civilizations fear 196
Den Broeder, C. 250
Dennis, R. 54
dependency culture concerns 275
Der Hovanesian, M. 641, 642
derivatives 311–35
absence of absolute reference value 324
counterparty risk from sale of nonexistent asset 324–5
current discussion and concerns 324–7
deferment of both actual asset delivery and final payment 325–6
ex ante protection against downside risk via premium payments 324
exploitation of the ignorant 324
futures and options as unconcluded contracts 325
options and inherent leverage 326
derivatives, existing derivatives in Islamic finance 316–23
arbun (down payment) in 326
bay bithaman ajil (BBA) (deferred payment sale) 319
cross-currency and profit rate swaps 320–23
debt-based cost-plus sales (sale–repurchase agreements) 317
five axioms 327
implicit derivatives, problems of double coincidence and counterparty risk 319
implicit derivatives, put–call arrangement 317–19, 326
istisna (purchase order) 319, 326
lease (asset-based) contracts (financing/operating lease) 317
legacy derivatives (standard debt-based contract (murabaha) variations) 316–19
profit-sharing contracts (equity-based) of future assets 317
salam (deferred delivery sale) 319, 326
sarf contracts and exchange of currencies 325–6
total return swaps, concerns over 321
wa’ad (unilateral promise) in 326
derivatives, Shari’ah tenets in Islamic finance 312–16
asset ownership and prohibition of leverage (underfunding) 316
betting and gambling (maisir) prohibition 315
commercial value of usufruct 314
contractual certainty on generation and distribution of profits 312
contractually valid sales 314
funding co-generation of heterogeneous goods and/or services 313
identifiable characteristics and certainty about delivery results 315
lawfulness of usufruct 314
presence of meaningful use (usufruct) 314
price certainty and balance between borrowers 315
profits from exchanges of homogeneity, prohibition of
riba (interest) prohibition 312–13
risk transfer mechanisms 311
value creation factors 313–14
Dessi, R. 367
development and morality see morality and economics, economic development and morality
development and religion see religion and development
Dhonte, P. 453
Di Tella, R. 293
Diamandis, P. 80
differential profit rates 509–10
diminishing margins in consumption and production 95, 98
discounting and riba see riba (interest), time value of money and discounting
discrimination female 629
zakat, and non-Muslim citizens 469
dispute resolution, sukuk (fixed income bonds) 404–5
distribution economics 29–31
diversification benefits 375, 397
dividend distribution 365
Dogarawa, A. 256
Donaldson, L. 250
Doumani, B. 481
dual systems, Shari’ah scholars dealing with 344–5, 348–9
Easterly, W. 611
economic crisis see global financial crisis and aftermath
economic development, meanings of 568–9
economic role of the state 499–519
economics science, Muslim contributions to 22
hifs ad-din (protection of religion) 500, 502–3
hifs al-aql (protection of the mind and freedom of thought) 500–501, 504, 514
hifs al-nasl (protection of future generations) 502
<table>
<thead>
<tr>
<th>Topic</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>market role and craft guilds</td>
<td>504</td>
</tr>
<tr>
<td>proto-quasi Ottoman socialism,</td>
<td></td>
</tr>
<tr>
<td>consequences of 512–13</td>
<td></td>
</tr>
<tr>
<td>Shari‘ah ideal 499–502</td>
<td></td>
</tr>
<tr>
<td>taxation 501–2</td>
<td></td>
</tr>
<tr>
<td>economic role of the state, <em>hifs al-mal</em></td>
<td></td>
</tr>
<tr>
<td>(protection of property) 505–12</td>
<td></td>
</tr>
<tr>
<td>class restrictions 508</td>
<td></td>
</tr>
<tr>
<td>confiscations by corrupt officials 507–8</td>
<td></td>
</tr>
<tr>
<td>confiscations extended to civilians 508–9</td>
<td></td>
</tr>
<tr>
<td>craft guilds and control of prices 510</td>
<td></td>
</tr>
<tr>
<td>differential profit rates 509–10</td>
<td></td>
</tr>
<tr>
<td>market economy and free trade basis 505–6</td>
<td></td>
</tr>
<tr>
<td>profit rates and prevailing rate of interest 510</td>
<td></td>
</tr>
<tr>
<td>property right restrictions and poverty in Ottoman Empire 511–12</td>
<td></td>
</tr>
<tr>
<td>proto-quasi Ottoman socialism 506–7</td>
<td></td>
</tr>
<tr>
<td>Shari‘ah ideal 501</td>
<td></td>
</tr>
<tr>
<td>taxation on trade 506</td>
<td></td>
</tr>
<tr>
<td>trade monopolies and international trade 511</td>
<td></td>
</tr>
<tr>
<td>unofficial interest in Ottoman capital market 510</td>
<td></td>
</tr>
<tr>
<td><em>waqf</em> sector, establishment of 508</td>
<td></td>
</tr>
<tr>
<td>economic role of the state, <em>hifs al-nasl</em></td>
<td></td>
</tr>
<tr>
<td>(protection of future generations) 502, 513–15</td>
<td></td>
</tr>
<tr>
<td>ethical Islamic capitalism 514</td>
<td></td>
</tr>
<tr>
<td>freedom of worship 514</td>
<td></td>
</tr>
<tr>
<td><em>hifs al-aql</em> and freedom of thought 514</td>
<td></td>
</tr>
<tr>
<td>lessons from history 513</td>
<td></td>
</tr>
<tr>
<td>reunification of Islamic world, need for 514–15</td>
<td></td>
</tr>
<tr>
<td>taxation, limited 514</td>
<td></td>
</tr>
<tr>
<td>Western imperialism, effects of 513–14</td>
<td></td>
</tr>
<tr>
<td>economic security provision 59–6</td>
<td></td>
</tr>
<tr>
<td>economic surpluses 466, 555</td>
<td></td>
</tr>
<tr>
<td>economics science, Muslim contributions to <em>continued</em></td>
<td></td>
</tr>
<tr>
<td>capitalism and communism, criticism of 40</td>
<td></td>
</tr>
<tr>
<td>capitalism and socialism alternatives 37</td>
<td></td>
</tr>
<tr>
<td>comprehensive economic development, modern emphasis on 38</td>
<td></td>
</tr>
<tr>
<td>counterfeiting and currency</td>
<td></td>
</tr>
<tr>
<td>debasement problems 25–6</td>
<td></td>
</tr>
<tr>
<td>currency changes 32</td>
<td></td>
</tr>
<tr>
<td>economic role of the state 22</td>
<td></td>
</tr>
<tr>
<td>eighteenth century awakening 35–6</td>
<td></td>
</tr>
<tr>
<td>fifteenth century, up to 21</td>
<td></td>
</tr>
<tr>
<td>Gresham’s law 26, 32</td>
<td></td>
</tr>
<tr>
<td>history of economic thought,</td>
<td></td>
</tr>
<tr>
<td>discovery of missing link 40–41</td>
<td></td>
</tr>
<tr>
<td>interest controversy 32, 37</td>
<td></td>
</tr>
<tr>
<td>interest-free banking, promotion of and profit-sharing arrangement 38–9</td>
<td></td>
</tr>
<tr>
<td>land tenure debate 33, 35</td>
<td></td>
</tr>
<tr>
<td>law and economics 33</td>
<td></td>
</tr>
<tr>
<td>macroeconomic relations 22–3</td>
<td></td>
</tr>
<tr>
<td>mercantilism 32</td>
<td></td>
</tr>
<tr>
<td>modern period contributions 37–41</td>
<td></td>
</tr>
<tr>
<td>monetary expansion and lending–borrowing relations 32</td>
<td></td>
</tr>
<tr>
<td>money, nature and functions of 25–6</td>
<td></td>
</tr>
<tr>
<td>need versus want 39</td>
<td></td>
</tr>
<tr>
<td>political-economic theory of development 25, 36</td>
<td></td>
</tr>
<tr>
<td>production and distribution 39</td>
<td></td>
</tr>
<tr>
<td>public borrowing 23</td>
<td></td>
</tr>
<tr>
<td>public expenditure 24–6</td>
<td></td>
</tr>
<tr>
<td>public expenditure, and cost–benefit analysis 24</td>
<td></td>
</tr>
<tr>
<td>public expenditure, economic development 24–5</td>
<td></td>
</tr>
<tr>
<td>public finance 22, 33</td>
<td></td>
</tr>
<tr>
<td>religious and economic practices, renovation of 35–6</td>
<td></td>
</tr>
<tr>
<td>revival and implementation of</td>
<td></td>
</tr>
<tr>
<td>Islamic economic teachings 35</td>
<td></td>
</tr>
<tr>
<td>risk-sharing and equity finance 39</td>
<td></td>
</tr>
<tr>
<td>seventeenth century decaying state 34–5</td>
<td></td>
</tr>
<tr>
<td>seventeenth century decaying state, corruption and development 34</td>
<td></td>
</tr>
</tbody>
</table>

M. Kabir Hassan and Mervyn K. Lewis - 9781783479825
Downloaded from PubFactory at 09/16/2023 10:51:03PM via free access
sixteenth to eighteenth centuries 31–3
socio-economic development 36, 38
state’s economic role 40
sustainable development 25
taxation 22–3, 34–5
welfare revenue (amwal al-masalih) 24
see also Islam versus economics
economics science, Muslim
ccontributions to, microeconomic relations 26–31
cooperation and division of labour 29
demand and supply 26–8
distribution economics 29–31
industry linkages and interdependencies 29
market and pricing 26–8, 30
price fixing 28
production activities 28
profits 29–30
rent 30–31
wage control 30
economics versus Islam see Islam versus economics
education
achievement and literacy 198–9, 200
goals 65–6
institutions, administration of 75
levels 616, 618, 624–5
and reform of social values 293, 299
as status, female labor force participation 214–15, 216, 217
efficiency concept, analytical tools 92, 95–6
Egypt
Arab Spring see Arab Spring, events preceding
competitiveness ranking 279
education 277
waqf endowments 276
Ekelund, R. 2
El-Affendi, A. 533
El-Awa, M. 294
El-Fadl, K. 536, 538
El-Gamal, M. 115, 116, 130, 326, 332
El-Naggar, A. 58
El-Said, H. 632
electricity consumption 197–8
employees
bonus payments 644
well-being 235
see also job creation
Enayat, H. 529, 537
England, A. 407
environmental issues
globalizing investment funds 377–8, 385–6, 390, 391
sukuk (fixed income bonds), and environmentally friendly investment 398
equity
fund portfolios, Islamic and Western ethical investment, comparison of 386
microfinance returns and financial performance 425
private equity funds 374, 375
private, and moral hazard see moral hazard in profit–loss sharing contracts and private equity
profit-sharing contracts of future assets 317
risk-sharing and equity finance 39
screening see globalizing investment funds, Shari’ah-compliance principles, screening and cleansing for equities
sharing, and riba (interest) prohibition 137
Errico, L. 146
Espeland, W. 228
Esposito, J. 264, 520, 521, 531, 536
Essid, Y. 37
ethical standards
accounting disclosure and enforcement 236–7
corporate governance principles 252–3
corruption as moral problem 299, 300
globalizing investment funds 377 and international best practices 258
Islamic capitalism 514
Islamic investment funds 375
moral commitment 76–8, 139
moral renovation and raising public awareness 300–301
moral solutions, need for, and global financial crisis 640–41, 642
moral values, rooting in spirituality 79
morality and ethics of economic agents 236–7
as public good 302–3
see also morality and economics
Europe
colonization effects 577
commercial interests, and Church–state relations 601
feudalism and Islamic slave soldiers 597–9, 605–6, 607, 608
see also Christianity; Western world
excess and waste, avoidance of 54–5
excess wealth, spending on others 56–8, 60, 61–2
export levels 203, 206–7
extravagance and overspending, condemnation of 430
fai (tax on booties of war), morality and economics 272–3
faith groups and networking opportunities, morality and economics 270
falāh (well-being), attainment of 97–8, 100, 101, 104, 479–80
family empowerment, poverty alleviation guidance 441
family maintenance and gift economy see gift economy and waqf (charitable trusts), family maintenance purposes
Farahbaksh, M. 146
fay (properties acquired peacefully) 458–9
Febianto, I. 367
Feldman, N. 533
female labor force participation 212–23
business ownership 215
domestic responsibilities 215, 216
education as status 215, 216, 217
educational bias 214–15
female fragility perception 215
globalization effects 217
and government policy 214, 216
health and pregnancy issues 215–16
immigrant women 221
labor force statistics 216–20
male labor emigration effects 215
‘missing women’ phenomenon 216
non-employment, understanding of 214
oil and gas industries, effects of 214
ownership of factors of production, discrimination against 215
religious and cultural factors 213–16
Shari‘ah law rights 214
statistic collection issues 213–14
under-employment, understanding of 214
unemployment and social norms 213, 214–15, 217
wage levels 215
see also women
Fenn, G. 365
finance, microfinance see microfinance
financial crisis and aftermath 636–57
‘affordable housing’ promotion 638, 640, 641–2
asset-based debt to finance public expenditure 653–4
banks’ ‘phantom profits’ 642
credit standards, lapses in 640
debt financing and gambling, and call for reform 80–83
debt and leverage, destabilizing effect 645–8
effects and causes 280, 579
employees’ bonus payments 644
financial behaviour during crisis 637–9
financialization process 648–9
gharār (uncertainty in financial contract conditions), prohibition of 641–2
governance issues and Islamic religious auditing 645
governance issues and shadow banking system 644–5
greed, effects of 639–41, 650
inflationary tax 652–3
interest rate cuts and ‘quantitative easing’, effects of 650–52
interest rate cuts and savings and fairness 651–2
investment banking and risk-taking 643–4
Islam and crisis resolution 649–54
Islam and crisis resolution, preventative approach 650
moral solutions, need for 640–41, 642
mortgage market 637–9, 640, 641–2, 651
reasons for crisis 636–7
speculative transactions and gambling 643–4
state borrowing, effects of 650–51, 653
stimulus packages and budget deficits 653
US financial regulations’ overhaul (2010) 640
financial institutions absence of 575–6
Shari’ah Scholars’ involvement in establishment of 336–7, 340, 342–5
financialization process 648–9
firm concept see corporate governance principles, firm, concept of fiscal policy 272, 467, 512
Fischer, J. 587
fixed income bonds see sukuk (fixed income bonds), regulation and supervision Flinn, F. 570
Flynn, P. 417
food industry see halal food industry food production index 197
foreign currency bonds 553, 559
foreign judgments and awards, enforcement problems 409
foreign trade see international trade foreign-currency debt 204, 208 Foster, J. 649
Foster, N. 407
Fraker, A. 213, 221
Francis, J. 236
Frankfurt, H. 293
‘freedom of action and collective responsibility’ principle 90
freedom of thought 500–501, 504, 514
Friedrich, C. 284
Froud, J. 649
fuel-endowed countries see Arab

Spring, events preceding, fuel-endowed countries Furqani, Hafas 336–52
future generations see economic role of the state, hifs al-nasl (protection of future generations) futures 160–61, 325

G20 countries representation 280
gakwaya, N. 331
Gallup, J. 618
GaloR, O. 429
gambling 75, 80–83, 156, 170, 315, 643–4
Gatto, J. 66
GDP per capita 617, 618–19
Gelauff, G. 250
Gelb, A. 611
Gellner, E. 294–5
Genc, Ismail H. 212–23
Genc, M. 504, 506, 508, 509, 512, 517
generosity and compassion as desired attributes 49, 50
Gerschenkron, A. 516
gertrler, M. 646
Ghaffari, M. 468
ghanima (spoils of war) 272–3, 457–8
gharar see risk or uncertainty
Ghazali, A. 107, 568, 587
Ghazanfar, S. 41, 459
gift economy and waqf (charitable trusts) 475–95
teaches and gift inter vivos, distinction between 481
cash waqf and modern banking services 478, 489
challenges 486–7
income property (ākarat) 476, 477–8
income-generating lands and property to support an existing mosque 478
Indonesia, legal statutes 485–6, 490
institutions, lack of trust in 487
legal elements 476–7
Malaysia, centralized system of governance 484
mixed public and family waqf 478
particularized trust to generalized social trust, determinants for transforming 486–7
Philanthropy role and *falah* 479–80
as public purpose funder, risk management 489–90
public purpose property (*khayrāt*) 476, 477–8
righteous purposes, meaning of 475–6
structures and use 477–9
Swiss Re and retakaful product 478–9
Turkey, community foundation 488
Turkey and tax incentives 484–5
Turkey, trust and low levels of giving 487
US, tax and disclosure requirements 485, 489, 490–91
validity questions 476–7
Western trust law 481
gift economy and *waqf* (charitable trusts), family maintenance purposes 478
arbitrary taxation and appropriation avoidance claims 481–2
criticism of 480–83
duration limitation suggestion 483
and inheritance rules 481
and property rights over arable in Ottoman Empire 482–3
Turkish legal changes and reforms 483–4
gift economy and *waqf* (charitable trusts), as public purpose funder 487–91
community foundation 488
governance and self-regulation 491
incorporated legal form 490–91
investments and fund-raising 488–9
investments and fund-raising, alternative asset classes 488
job creation 487–8
production with low profitability 488
gifts and bribes, difference between 287–90, 295–6
Gilani, M. 459
Gilani, S. 37
Girard, E. 372
Githongo, J. 610
global financial crisis see financial crisis and aftermath
global harmonization, need for 239
globalization effects, female labor force participation 217
globalizing investment funds 370–93
globalizing investment funds, future issues and raising profile 388–91
environmental issues and future generations 390, 391
fund managers and institutional investors, need for strengthening role 390–91
growth drivers 388
industry ratings, call for 388–9
investible asset classes, growing range of 388
personal pension schemes, expansion of 388
positive elements, need for increased focus on 389–90
subscriber subscription services 389
transparency requirements 389
globalizing investment funds, Islamic investment funds 371–6
acceptability requirements 375–6
benefits of 375
business and activities acceptable to Islamic principles 371
commodity funds 374, 375
diversification benefits 375
equity investment 374, 375
ethical and moral values, promotion in global market 375
fund types 371, 372, 374–5
global size 371–4
*halal* (lawful) investment requirement 376
hedge funds, disagreements over 374
investment strategies 373–4
location of assets under management 373
money market funds 374, 375
national market differences (Saudi Arabia and Malaysia) 372–4
principal amount nor the rate of return can be guaranteed 371
private equity funds 374, 375
real estate funds 374, 375, 376
structure of 372, 376
*sukuk* (fixed income bonds) 375
target asset classes of issued Islamic funds 375
globalizing investment funds, Islamic and Western ethical investment, comparison of 385–8
client profile 387
environmental investment 385–6
equity fund portfolios 386
governance 387–8
negative screening of ethical investment 385, 390
performance indicators 386–7
sustainability investment 386
globalizing investment funds, Shari'ah-compliance principles 376–85
decision making and mutual consultation (shura) 378–9
environmental concerns 377–8
ethics 377
hisba (supervision) 379, 390–91
justice and fair distribution of wealth 377
life balance and moderation 377
positive injunctions 377–9
prohibitions (negative injunctions) 376–7, 390
trusteeship 378
globalizing investment funds, Shari'ah-compliance principles, screening and cleansing for equities 379–85
indirect involvement in haram activities 380
primary business of company must be halal (permissible) 381
profits made through capital gains, doubt over purification requirements 381
screening procedure differences 381–5
‘tainted dividend’ receipts 381
Glover, J. 61
Goldberg, J. 608
‘golden era’, call for recreation of 262
Goldstone, J. 632
Gompers, P. 365
good deeds and prosperity, and analysis of God’s intervention 580–81
Gooden, S. 258, 260
Goodin, R. 302
Goody, J. 68
governance
corporate see corporate governance principles
framework, Shari’ah scholars 345–8
hisba (control function of government) 255–6, 257, 261, 379, 390–91
performance indicators 296–7
and religious auditing 645
self-regulation and gift economy 491
and shadow banking system 644–5
standards, Shari’ah scholars, roles and responsibilities 337–8, 342, 343–5
see also regulation
Gram, H. 94, 95
Grameen banking model 421
Grandin, T. 192
Gray, A. 29
Gray, R. 229
greed, effects of 639–41, 650
Greenwald, B. 82
Greif, A. 595–7, 607–8
Gresham, T. 176, 32
Gülen, F. 505
Gunning, J. 611
Gurgen, E. 284
Gutiérrez, G. 588
Haghighat, H. 214
Hajji Khalifah 34
halal food industry 175–94
alcohol and intoxicants, prohibition of 184–5
animal welfare 184, 192–3
animals dying of natural causes 181–2
animals killed by Ahl-al-Kitab (Jews and Christians) 182–4
animals, prohibited and permitted 179–80
biotechnology 187
blood, prohibition of 180
cooking, food processing and sanitation 185–8
doubtful area 179
exceptions to ensure survival 179
gelatin 186
halal dietary laws 175–6, 178–9
halal market 176–7
Index 675

health focus and prevention of trichinosis in pork 187–8
hunting of permitted wild animals 181
kosher products 177, 183–4, 191–2
marketing opportunities 177
pet food 187
prohibitions 178–9
regulatory issues 188–93
secular concerns 176–7, 183–4
Shiia community needs 178, 180
slaughtering requirements of permitted animals 181–2
Sunni practice 178–9
halal food industry, supervision agencies 188–92
differing standards and traditions 189–90
dual halal and kosher certification 191–2
fraud prevention and certification letters 192
halal logo and brand identification 190–91, 192
Hamed, S. 378
Hamid, I. 568
Hamidullah, M. 78, 470
Hammad, N. 314
Hamzawy, A. 630
Haneef, M. 107
Hanifia, Roszaini 227–42, 258
Haq, M. 48
Haque, N. 93
Hasan, A. 367, 542
Hasan, M. 538
Hasan, S. 380
Hasan, Z. 484
Hasan, Zubair 5, 587
Hasan, Zuikifli 260, 339
Hasanuz Zaman, S. 291, 457–9, 461, 462, 466, 472
Hassan, M. Kabir 1–17, 353–69, 372, 394–434, 656
Hawken, P. 55
Hawkins, J. 246
Hay, D. 271, 304
Hayes, S. 315
Haykal, M. 535, 538
Hayllar, M. 304
Haynes, J. 567
health care 199–200, 215–16, 448
halal food industry 187–8
Heck, G. 575
hedge funds, disagreements over 374
Hege, U. 360, 367
Heidenheimer, A. 284, 285
Heller, R. 258
Hennigan, P. 475, 476, 481
hierarchical authority, corporate governance principles 261
hifs ad-din (protection of religion) 500, 502–3
hifs al-aql (freedom of thought) 500–501, 504, 514
hifs al-mal (protection of property) see economic role of the state, hifs al-mal (protection of property)
hifs al-nasl (protection of future generations) see economic role of the state, hifs al-nasl (protection of future generations)
Hira, T. 221
hisba (control function of government) 255–6, 257, 261, 379, 390–91
Hitti, P. 456, 458, 462
Hoexter, M. 62
Hopwood, A. 228
housing, ‘affordable housing’ promotion 638, 640, 641–2
Hoexter, M. 276
Hudaib, Mohammad 227–42, 258
Hulme, D. 299, 304
human development comparative 611, 614–19
index 195, 209
indicators 277
and poverty and social security 444–5
hybrid Islamic financing contract 138–9
Iannaccone, L. 270, 567
Ibn Abd al-Wahhab 35–6
Ibn Hazm 459, 555
Ibn Nujaym 33
Ibn Qudamah 28
Handbook on Islam and economic life

Ibn Taymiyyah 23, 24, 26, 28, 29, 30, 314, 459, 466, 522, 523, 526–7, 529, 532, 534
Ibrahim, A. 475
ijarah (leasing) contract
budget deficit and instruments of public borrowing 544–5, 548, 549, 553
derivatives in Islamic finance 317
microfinance 426–7
as permitted contract 157, 158, 159, 161
riba (interest) prohibition, reasons for 137
Iley, R. 205, 207, 636, 638, 646, 655
immigrant women, female labor force participation 221
import levels 202–3
İnalçık, H. 504, 508, 511, 512, 516
income distribution
socio-economic profile see socio-economic profile of Muslim countries, employment, economy and income distribution and wealth 568–9
income property (ākarat), and gift economy 476, 477–8
indexed funds, and riba (interest) prohibition 140, 141
individualist versus collectivist institutions 595–7, 607–8
Indonesia
education 277
legal statutes and gift economy 485–6, 490
microfinance institutions 421, 424
industrialization 203–4
industry ratings, call for 388–9
industry standard setting bodies 153
infant mortality 200
inflation
compensation and riba (interest) 121, 126, 148
protection 554, 558
rates 206, 207
information overload concerns, accounting triangle 236
inheritance rules 443, 481, 604–5
innovation in providing Islamic-based services and products 349–50
institutions of Islamic society see Islam versus economics, institutions of Islamic society
lack of trust in 487
and underdevelopment see underdevelopment and Islamic institutions
interest
controversy 32, 37
interest-free banking, promotion of 38–9
leveraged investments and interest-based debt 355, 357
prohibition, poverty and social security 442
rate cuts and ‘quantitative easing’ 650–52
trade as alternative to interest, confusion over 442
see also riba (interest)
international autonomous bodies and accounting standards 238–40
international best practices and moral governance standards 258
international conventions, sukuk (fixed income bonds) 408–9
international standards, Shari’ah scholars, roles and responsibilities 346, 348
international trade 512–13
import and export levels 202–3, 206–7
increase, globalizing investment funds 370–71
multinational corporations (MNCs) involvement 204
and trade monopolies 511
investment
bank investment account depositors, need for enhanced set of rights 260
banking and risk-taking 643–4
fund-raising and gift economy 488–9
funds, globalizing see globalizing investment funds
funds and profit-and-loss-sharing system 118–19
in productive activities, and zakat (religious levy) 467
risk levels and expected rate of return, and riba (interest) 120–21
shareholders’ interests and investor activism 248–9, 250, 258
involuntary public debt 553–4, 558, 559
Iqbal, M. 91, 103, 108, 130, 531–2, 558, 568, 587
Iqbal, Zafar 3, 61, 251, 258, 283–308, 378, 453–71, 652
Iqbal, Zamir 260, 329, 479, 516
Iranian revolution, effects of, political authority 520–21
Iraq, USAID–Tijara Al-Murabaha Islamic Microfinance project 420, 422
Isfahani, R. 287, 288, 290
Islahi, Abdul Azim 21–44, 255, 459, 466, 653
Islam versus economics 45–70
care and cooperation 58, 59, 66
collective responsibility for society 59
compassion and concern for welfare of others 60
creation of man and the universe, purpose of 45
economic security provision 59–60
generosity and compassion as desired attributes 49, 50
human development 48–50
human factor and spiritual development 46–7
injustice, dealing with 45–6
Islamic society heart 58–60
justice standards and bearing witness 67
methodology of Islamic economics 45–6
poverty relief 46, 58, 59–60, 62
purity of intention 67
scientific methodology, failure of 49–50
tolerance and peace 58–9
transformative nature of Islamic economics 46
wealth pursuit as human development 47

see also economics science, Muslim contributions to
Islam versus economics, economists’ reverse priorities 47–8
capitalism and pursuit of wealth 47
empirical experience 47–8
growth accounting 47
human resource management 47
theoretical developments 48
Islam versus economics, fundamentals of Islamic solution 50–58
consequentialism, denial of 50
conspicuous consumption, avoidance of 55
envy, prevention of 55
excess and waste, avoidance of 54–5
excess wealth, spending on others 56–8, 60, 61–2
idealist claims 50–51
lifestyles, simple 55–6
moderation in consumption and spending 53–4
needs and wants, distinction between and consumer sovereignty 52–3
private property on trust 57
wants, insatiability of 53
wealth, dual nature of 51
wealth, overcoming love of 51–2, 57
Islam versus economics, institutions of Islamic society 60–66
communities and local public goods 64
corporate social responsibility 63
craft-guilds 63–4
education goals 65–6
extended versus atomic families 65
service versus profit 63–4
Ummanah and brotherhood versus nation-states 60–61, 67
waqf versus banks 61–3
Islamic governance see corporate governance principles, Islamic governance
Islamic revivalist movements 521
Islamization, learning from 78
Ismail, Abdul Ghafar 437–52
istijjar (recurrent supply agreement) 552
istisna (purchase order) 319, 326, 551–2
Iwai, K. 246
language, Arab world defined by 611
Lasswell, H. 284
Latin America comparison, Arab Spring, events preceding see Arab Spring, events preceding, Latin America
Laughlin, R. 229
leasing see ijarah (leasing) contract
Ledyard, J. 49
Leff, N. 284
legacy derivatives 316–19
Lehman, C. 229
Lenhoff, A. 408
Lerner, J. 365
leverage 316, 326, 355, 357, 645–8
Levine, R. 417, 431, 611
Lewis, B. 533
Leys, C. 300
Libecap, G. 501
liberation theology and Catholic social teaching 581–5
Libya, Arab Spring see Arab Spring, events preceding
Liebman, L. 542
Lieven, A. 463
life expectancy 200, 614–18
life satisfaction and carbon footprints 277
Lindholm, C. 262
Lipsey, R. 23
Litan, R. 640
Liu, M. 356, 357, 366
loans
as acts of benevolence 142
and foreign currency bonds 553, 559
lacking in value-creation 136–7, 140–41
lending risks, structural compliance of Islamic finance with Qur’anic interpretation 157
monetary expansion and lending–borrowing relations 32
see also borrowing; debt
Loibl, C. 221
‘long divergence’, underdevelopment
and Islamic institutions 603–5, 606–7, 608
Longo, T. 221
McChesney, R. 480, 481
McCleary, R. 2, 567, 569, 634
McCuddy, M. 260
McDonald, L. 642, 654
McMillen, M. 414
macroeconomic approach and wealth creation 341–2
Maghribi traders 596–7, 608
Mahdi, M. 538
Mahmud, M. 492
maisir (gambling) 75, 80–83, 156, 170, 315, 643–4
Majdoub, A. 445
Makdisi, G. 68, 165
Malaysia
centralized system of governance 484
competitiveness ranking 279
national market 372–4
regulation and Shari’ah scholars 342–5, 346–7
regulatory framework of sukuk 402
Mannan, M. 39, 92, 104, 568, 586
mark-up sale (murabahah) see murabahah (mark-up sale)
mark-up and time-value of commodities 144–5, 149–50
market
accounting and current market value, use of 234
craft guilds 63–4, 504, 510
disciplines 258
economy and muwakhat (brotherhood) 86
economy and resource allocation see analytical tools, resource allocation principles and market economy
market-centred approach, and corruption 284
marketing opportunities, halal food industry 177
and pricing 26–8, 30
shares of Islamic banks 577
Markom, R. 405
Marshall, K. 567
Martin, R. 649
Massaro, T. 587
mathematical modelling, use of 95, 96
Maududi, M. 522, 531–2
Maududi, S. 68, 254, 287, 455–7, 458, 466
Meera, A. 587
Mehta, S. 214, 215, 221
Menocal, M. 59
methodology of Islamic economics
71–89
agenda, suggested 71–2
alternative models of Islamic economy 86–7
confrontation in twentieth century, effects of 73–4
corporate decision making and cost–benefit analysis 76
debt in monetary management, role of 81–2
disagreement over analytical tools 92–3
ecological balance and sustainable development 75
economic history of Muslim people, learning from and righting imbalances 85–6
educational institutions, administration of 75
empirical research, criticism of current 76–7
faith-based alliances and cooperative philanthropic agendas 80
financial crises, debt financing and gambling, and call for reform 80–83
gambling, problems with 82–3
history, learning from 78
incentives issues 76, 77
information deficit problem 77
Islam versus economics 45–6
Madinah market as area of research and family market interface 86–7
moral economy of Islam 76–8
moral failures, dealing with 77
moral values, rooting in spirituality 79

muwakhat (brotherhood) and market economy 86
nationalism, problems with 79–80
new age of mutual understanding and cooperation, call for 74
origins and reality, tensions between 72–5
politically motivated ‘Islamization’, learning from 78
poverty removal attempts 75
principal–agent relationship 76
profitability in economic analysis, deficiencies in 77
riba and gambling, failure to eliminate 75
risk management and gambling 82–3
shared global philosophies, call for, and consensus building 77, 78, 79–80
social goals and political power 75
third (voluntary) sector in Muslim economies 83–5
transparency and democratic decision making, need for 71
voluntary sector, call for increased emphasis on 75, 83–4
waqf, management of 72, 75, 78
Western power monopoly, weakening 73–4
zakat 71, 72, 75, 78, 83
Metwally, M. 103
micro-foundations, analysis of 91–2
microfinance 417–34
administrative costs 424
adverse selection problems 423–4
Arab uprising, effects of 420
Bai-mua’jjal contract 426
channelling according to need 425–6
client numbers 418
cost-plus financing (murabaha) 420, 423
definition 418
equity returns and financial performance 425
evolution of 418–19
examples 419–21
external funding 419
extravagance and overspending, condemnation of 430
Index

financial exclusion reasons 418
fund generation capability, limited 424
Grameen banking model 421
group solidarity lending or individual lending, choice between 423–4
household empowerment, emphasis on 423, 428
ijara (leasing) contract 426–7
impact of 424–5
interest-free nature 428
micro-savings 425
microcredit 424–5
murabaha arrangement (buy–resale) 426
musharaka (equity sharing with a sleeping partner) 426
NGO expertise, leverage of 422–3
operational methods 425–7
outreach and borrower numbers 422
outreach and market penetration 421–3
persistent poverty 417
profit sharing partnerships (mudharabah arrangement) 426
protection of intellect 429
protection of life requirement 428–9
protection of posternity 429–30
protection of wealth 429–30
religion-triggered demand–supply mismatch 418
risk-sharing philosophy and wealth redistribution 430
sanduq (owned and managed by members) 419–20
Shari‘ah law objectives (maqasid) 427–30
sustainability concerns 423–4, 430
trust, importance of 425
Millar, R. 419
Miller, N. 397
Miller, P. 228
Minow, N. 250, 258
Mirakhor, A. 40, 93, 260, 329, 516, 568, 580
‘missing women’ phenomenon 216
Mitchell, C. 567
Mitias, P. 484
Mizanur Rahman, M. 418
Mizen, P. 651–2
Moav, O. 429
Moghul, U. 407
Mohamad, A. 405
Mohamad, S. 330
Mohammad, M. 488
Mohieldin, M. 588
Mohsin, M. 576
monetary expansion and lending–borrowing relations 32
money market funds 374, 375
money, nature and functions of 25–6
Monks, R. 250
Moore, K. 417
Morais, R. 374
moral hazard in profit–loss sharing contracts and private equity 353–69
agency problems 354, 364–5, 366
asymmetric information problems 354, 366
challenges facing 364–6
claw-back provisions for capital and management fees, need for 365
crime of interest concerns 357, 365
differences between Islamic and conventional private equity 355–7
diminishing Musharakah financing 356–7
dividend distribution 365
exit route choices 355, 356–7
fixed time holding of shares 357
GPs’ (general partners) management fees 365
halal (lawful) investment opportunities, variations in 355
involvement, varying degree of 354
leverage investments and interest-based debt 355, 357
limited partners, opportunistic behavior against 364–5, 366
limited partners and portfolio diversification 355
Mudarabah scheme (profit sharing) 355–6, 358–9, 365
Musharakah (equity sharing with a sleeping partner) financing 356–7, 361–5
national regulatory differences 356

M. Kabir Hassan and Mervyn K. Lewis - 9781783479825
Downloaded from PubFactory at 09/16/2023 10:51:03PM
via free access
optimal financial products 359–61
partnership's profit share 365
pre-agreed ratio agreements 353–4
private equity increase 353
private equity investment opportunities 353
private equity partnership choices 353
profit-and-loss-sharing financing methods 355–6
riba (interest) prohibition, implications for contemporary Islamic finance 147
selectivity requirements 354–5
similarities between Islamic and conventional private equity 354–5
social responsibilities 356–7
stage financing role 365–6
supervision board independence, call for 357
target companies' contribution to economic development of region in which they are set up 355
transparency requirements 356–7
venture capital (VC) comparison 354, 355–6, 360–61
wakalah (agency) financing 356, 365–6
morality and economics 268–82
business success ascribed to particular religious groups 271
dependency culture concerns 275
economic analysis of religion 270–71
economic development and secularization 270
economic policy concerns 271–3
equitable distribution of income and wealth 272
evaluation from religious perspective 271
fai (tax on booties of war) 272–3
faith groups and networking opportunities 270
fiscal policy choices 272
jizya (head tax) 272
risk management 270
secular and Islamic determinants 269
taxation 272
waqf charitable trusts (will bequests) 275–6
waqf charitable trusts (will bequests), governance concerns 276
waqf charitable trusts (will bequests), real estate and rent income 276
see also ethical standards
morality and economics, economic development and morality 276–80
corruption rankings (Transparency International) 279
corruption rankings (Transparency International) 279–80
dependency culture concerns 275
human development indicators 277
life satisfaction and carbon footprints 277
poverty problems 278
social capital levels 277
morality and economics, zakat (wealth tax) 272, 273–5
fixed rate 273, 275
government collection ministries 273–4
as social expenditure for benefit of poor and needy 274
voluntary collection agencies 274–5
mortgage market 637–9, 640, 641–2, 651
Moyle, T. 428
mudarabah (profit-sharing)
budget deficit and instruments of public borrowing 546–7, 549
corporate governance principles 259, 260
microfinance 426
moral hazard in 355–6, 358–9, 365
as permitted participatory contract 158–9, 161
and third-party guarantees 543–4
see also profit
Muddiman, J. 570
Muftie, A. 418, 421
Muhamed, Nurul Aini 370–93
Muller, J. 205
multinational corporations (MNCs) involvement 204
Muna, F. 261
murabahah (mark-up sale)
legacy derivatives 316–19
microfinance 420, 423, 426
as permitted contract 157, 161
public debt modes and certificates 551, 559
and riba (interest) prohibition 149–50
Murtuza, A. 255, 256
Musgrave, R. 24, 453, 459
musharakah (equity sharing)
microfinance 426
and moral hazard 356–7, 361–5
as permitted participatory contract 158–9, 161
Muskus, E. 588
Muslim occupation of physical environment 196
Mustafa, M. 468

Nadvi, M. 59, 129
Najam, A. 487
Naqvi, S. 97, 100, 271, 272, 586
nasi'a (permissibility of delay),
structural compliance of Islamic finance 160–61, 167–9
Nasr, S. 90, 97, 538
Nassief, N. 587
nationalism, problems with 79–80
natural resources, access to 197, 198, 200
water scarcity see Arab Spring, events preceding, population growth and water scarcity
Naufal, George 212–23
Naumani, S. 290, 291
Navajas, S. 421, 422, 423
needs versus wants 39, 52–3, 160–61
Negline, T. 389
Nelson, R. 53
neoclassical marginalist tools see analytical tools, neoclassical marginalist tools, compatibility with
nepotism 261, 288–9, 297–8
Nerlich, G. 299
Ng, J. 305
NGO expertise and microfinance 422–3
Nienhaus, Volker 567–92
Noland, M. 569
Nomani, F. 107, 586
non-debt financing instruments see budget deficit and instruments of public borrowing, non-debt financing instruments
Nordhaus, W. 52
Novak, M. 271
Nyazee, I. 259, 263, 264
Nye, J. 284
Obaidullah, M. 417, 418
Ögüün, T. 517
Olsen, W. 214, 215, 221
Omar, S. 107, 587
options 325, 326
Orman, S. 511, 515
Osakwe, C. 215
Oseni, Umar A. 394–416
Osman, F. 522
Osman, M. 459
Ottoman Empire 482–3, 511–13
Ozcan, T. 492
Özdemir, D. 213, 221
Pakistan, microfinance and HSBC Amanah 422–3
Pamuk, S. 517, 576
Pardy, R. 249
Parker, R. 227
Paulsson, J. 415
Payutto, V. 270
Penner, J. 481
pension schemes 388, 449
performance indicators 296–7, 386–7
philanthropy role see gift economy and waqf (charitable trusts)
Philip, M. 285, 286, 292
philosophical interpretation 164–5, 166–7
Pirie, W. 260
Piscatori, J. 521
Pitchay, S. 405
Platteau, J.-P. 609
polity and regulation development

duties, Shari'ah scholars 340, 342, 343
political authority 520–40
and Arab Spring 529
Caliphate, revival of 529–30
characteristics of 530–32
consent of citizens 535–6
and Constitution of Medina 521, 535
and democracy, compatibility with 532–4
Iranian revolution, effects of 520–21
Islamic governance, key elements 534–7
Islamic governance, key elements, consultation 536–7
Islamic jurisprudence and political authority of the Caliph 524–6
Islamic revivalist movements 521
as Islamic state 529–30
Islamic state, conception of 522
Islamic theories of political authority in classical age 522–3
legitimization of 599–600
nature of 520–22
necessity of 528–9
philosophy, governance and democracy 523–4
political independence from West, call for 530–31
political unity and ethical governance 523–4
religion and politics, inseparability of 521–2, 528–9, 532
secular Muslim elites and corruption 529
security and military functions of Islamic state, importance of 527
Shari'ah-based politics 526–7, 533, 534
state development stages 528
virtuous governance, effects of 524
political corruption 285–6
political-economic theory of development 25, 36
population density 196, 197, 612
population growth and water scarcity
see Arab Spring, events preceding,

population growth and water scarcity
Porter, L. 16
Porter, M. 487
Possumah, Bayu Taufiq 437–52
Pound, J. 245, 248
poverty
alleviation and zakat (religious levy) 467
levels and income distribution 205–6
persistent 417
problems 278
property right restrictions in Ottoman Empire 511–12
redistribution and poverty alleviation issues 583–4
relief 46, 58, 59–60, 62
removal attempts 75
poverty and social security 437–52
family solidarity 446
Fugir (person with limited resources) 439, 450
human-related problems as cause of poverty 439–40
Islamic perspective on poverty 438–40
Miskin (destitute) 439, 450
social security and social solidarity, differences between 445–6
spiritual aspect 438–9
as structural problem 439
poverty and social security, poverty alleviation guidance 440–44
charity and voluntary service 442–3
encouragement to spend money 441
family empowerment 441
inheritance distribution 443
interest prohibition 442
material needs and spiritual needs, maintaining balance between 441
Shuratic role (consultation) 442
supremacy of the One God and sharing of worldly goods 440–41
trade as alternative to interest, confusion over 442
poverty and social security, zakat (religious levy) as basis of social security 441, 443–50
‘aqilah (blood money) 446–7
categories entitled to receive 444
combination scheme 448
friendly benefit schemes 448
health care provision 448
human development orientation 444–5
income security on non-contribution basis 448–50
invalidity benefits 449
retirement pensions 449
social assistance 447–8
social insurance 446–7
unemployment benefits 449
widows’ benefits 449
Pramanik, A. 568
Presley, J. 366
Preston, L. 250
pricing
  craft guilds and price control 510
derivatives and price certainty 315
issue price determination, sukuk (fixed income bonds) 399
and market 26–8, 30
price fixing 28
printed material, access to 601–2
private sector investments, and riba (interest) 127–8
producers’ optimization problem 103–6
production
  activities, microeconomic relations 28
  with low profitability, and gift economy 488
ownership of factors of, and female labor force participation 215
product development and acceptable standards 340–41, 344
trade compared to production processes 122
profit
  and capital gains, doubt over purification requirements 381
  and derivatives 312, 313, 317
differential profit rates 509–10
distribution to charity out of common profit 103
investible funds and profit-and-loss-sharing system 118–19
microeconomics 29–30
mudarabah see mudarabah (profit-sharing)
non-debt financing instruments 545–7, 549
profit-and-loss-sharing
  arrangements 38–9, 580
profit-and-loss-sharing
  arrangements and moral hazard see moral hazard in profit–loss sharing contracts and private equity
profit-and-loss-sharing as foundational principle 156–7, 158
profit rate swaps 320–23
service versus profit 63–4
shareholding instruments 546, 549
and social considerations 92
property
  ‘affordable housing’ promotion 638, 640, 641–2
private property on trust 57
protection see economic role of the state, hisf al-mal (protection of property)
public property sales, and budget deficit 560–61
real estate funds 276, 374, 375, 376
rights of ownership 141
Pryor, F. 386
public borrowing and budget deficit see budget deficit and instruments of public borrowing
public confidence issues 338, 346, 468
public debt modes and certificates see budget deficit and instruments of public borrowing, public debt modes and certificates
public expenditure
  economics science, Muslim contributions to 24–6
types, and budget deficit 555–6
public goods provision see budget deficit and instruments of public borrowing, provisions of public goods
public opinion, and corruption 284, 285
public property sales, and budget deficit 560–61
public purpose funder, and gift economy see gift economy and waqf (charitable trusts), as public purpose funder
public sector projects, and riba (interest) 127, 128–9
public utility warrants and recurrent supply agreement (istijjar) 552
purifying wealth from disrepute 464–5
purity of intention 67
put–call arrangement, derivatives 317–19, 326
Puxty, A. 229
Qamaruddin, M. 525, 527
Qatar
competitiveness ranking 279
sukuk and enforcement of judgments and awards 411
Qudamah Ibn Ja’far 25
Qur’an
prohibition of bribery see corruption, Islamic perspective, prohibition in Qur’an
riba (interest) interpretation 115–16, 117, 132–3, 142–3
structural compliance interpretation see structural compliance of Islamic finance with Qur’anic interpretation
zakat (religious levy) interpretation 459–60, 462, 463–5, 467
see also religion; Shari’ah law
Qureshi, A. 37–8, 461, 462
Qutb, S. 522
Raei, F. 397
Rahman, A. 258, 453, 454
Rahman, F. (India) 117–18
Rahman, F. (Pakistan) 115, 116
Rahman, Z. 587
Rahnema, A. 107, 531, 586
Rajan, R. 650–51
rate of return, expected, and investment risk levels 120–21
rationalism and conventional accounting 228–9, 230
Rauch, James E. 610–35
Ravallion, M. 438
Rawls, J. 304
Read, J. 629
Ready, R. 578
real estate funds 276, 374, 375, 376
see also property
realism requirements, riba (interest) prohibition 139–40, 141, 146–7, 150
redistribution of wealth 204–5, 272, 377, 454–5, 467, 583–4
Regenstein, Carrie E. 175–94
Regenstein, Joe M. 175–94
regulation
halal food industry 188–93
national regulatory differences 356
Shari’ah scholars, policy and regulation development duties 340, 342, 343
see also governance
religion
economic analysis 270–71
hifs ad-din (protection of religion) 500, 502–3
microfinance and religion-triggered demand–supply mismatch 418
and politics, inseparability of 521–2, 528–9, 532
religious factors and female labor force participation 213–16
religious legitimacy and underdevelopment see underdevelopment and Islamic institutions, religious legitimacy
religious practices, renovation of 35–6
religious supervision and corporate governance principles 256–7
zakat see zakat (religious levy)
see also Qur’an; Shari’ah law
religion and development 567–92
business comparison of conventional and Islamic banks in Islamic countries 577
economic development, meanings of 568–9
European colonization effects 577
European industrial revolution and Ottoman military and economic decay, comparisons 576–7
external sacred texts and secular knowledge, Islam and M. Kabir Hassan and Mervyn K. Lewis - 9781783479825
Downloaded from PubFactory at 09/16/2023 10:51:03PM via free access
Christianity comparison 570–72, 584
income distribution and wealth 568–9
liberation theology and Catholic social teaching 581–2
mainstream commonalities 572–5
market shares of Islamic banks 577
radicalism 575
redistribution and poverty alleviation issues, context dependent 583–4
religious factor, quantifying 569, 584, 586
religion and development, interest (riba) prohibition 575–8
early circumvention of 575
and financial institutions, absence of 575–6
mainstream commonalities, and differences 574
post-Second World War European banks in Islamic countries 577
saving behaviour and resource allocation 578
and tax farming 576
religion and development, paradigm shift
asset-backed transactions, questions over 579–80
call for 578–81
consumer choice and behaviour 580
financial crisis effects and causes 579
good deeds and prosperity, and analysis of God’s intervention 580–81
modification of existing models 580
profit-and-loss-sharing arrangements instead of debt financing 580
rent 30–31, 118, 121–2
Repullo, R. 361, 367
resources allocation principles see analytical tools, resource allocation principles and market economy
saving behaviour and resource allocation 578
scarcity and feasible allocations 95, 96–7, 100–103
use of, accounting view 247–8
in value-added processing 203
reunification of Islamic world, need for 514–15
Riaz, Mian Nadeem 175–94
riba (interest)
and gambling, failure to eliminate 75
public debt modes and certificates 550, 553–4
and structural compliance see structural compliance of Islamic finance with Qur’anic interpretation, riba
see also interest
riba (interest) prohibition 132–52
Qur’an definition of riba 132–3
and religion and development see religion and development, interest (riba) prohibition
stages of 133–5
riba (interest) prohibition, implications for contemporary Islamic finance 142–50
agency-based 143–4
bank investment deposit guarantee 149
contributory contracts 144
customer initiative, acting on 145
funding sources 143
mark-up and time-value of commodities 144–5, 149–50
moral hazard risk 147
nature and characteristics of Islamic financial intermediation 143–5
principal insurance and collateral 148
Qur’anic prohibition on riba, objectives of 142–3
revenue sharing and revenue sharing Sukuk (trust) 147–8
reverse Murabahah and Murabahah line of credit 149–50
risk mitigation instruments 146, 147–50
risk profile of Islamic financial contracts 146–7
risk taking 144
service and usufruct-based finance 148
Shari'ah-friendly methodologies of risk mitigation 146
third-party guarantee 148–9
riba (interest) prohibition, reasons for 135–42
business finances for activities that have no disclosed purpose, prevention of use of 141
classical finance contracts 137–8
crop-sharing 137
debt default risk 136
debt definition 135–7
debt discounting and rescheduling for gaining any increment, prevention of 141
debt increment amounts 135–6
deferred payment sale at higher than cash price 137–8
equity sharing 137
equity sharing with a sleeping partner 137
hybrid Islamic financing contract 138–9
indexed funds 140, 141
interest, explanation for what is wrong with 140
leasing 137
loans as acts of benevolence 142
loans lacking in value-creation 136–7, 140–41
moral commitment 139
objectives 141–2
property rights and rights of ownership 141
re-channeling business finance toward the production and exchange of goods and services 142
realism requirements 139–40, 141, 146–7, 150
Shari'ah tenets in Islamic finance 312–13
Shari'ah-compliant financial products 139–40
sharing-based finance contracts 137
riba (interest), time value of money and discounting 113–31
bank interest, dealing with 116–17, 118–19
barter exchange problems 119–20
business proposals, deciding on 117
credit sale, higher prices for 121, 122–6
discounting under Islamic financial system 126–9
inflation compensation 121, 126, 148
investible funds and profit-and-loss sharing system 118–19
investment risk levels and expected rate of return 120–21
Jewish involvement in riba 115–16
private sector investments 127–8
public sector projects 127, 128–9
riba al-fadl commodity restrictions 113–14, 118, 119–20, 125
riba al-nasiah (time required to repay a loan) and interest 114–19
riba al-nasiah (time required to repay a loan) and interest, Qur'an references 115–16, 117
riba, nature of 113–20
risk and capital asset pricing model (CAPM) 126
risk factors in earning an income, absence of 117
selling goods on deferred payment basis at higher than cash price 121, 122–6
time value of money 120–23, 127
trade compared to production processes 122
wages and rent factors 118, 121–2
righteous purposes, meaning of, and gift economy 475–6
risk
al-kharaj bi'l-daman (‘return/gain must be justified by guarantee/risk’) 156–7
and capital asset pricing model (CAPM) 126
equity finance and risk-sharing 39
factors in earning an income, absence of 117
gharar (risk or uncertainty) prohibition of 156, 157, 161, 170, 641–2
investment banking and risk-taking 643–4
management 82–3, 270, 489–90
mitigation instruments 146, 147–50
structural compliance and risk-free return 155, 156, 157
wealth redistribution and risk-sharing philosophy 430
Rittereiser, C. 489
Riyadh Convention 408–9
Robinson, J. 212
Robinson, P. 642, 654
Rodinson, M. 271, 516, 608
Rogow, A. 284
Rose-Ackerman, S. 299
Rosenthal, F. 34, 287, 291
Ross, M. 214
Roter, J. and M. 270
Roth, G. 542, 561
Rubin, Jared 593–609
Saad, N. 423, 430, 431
Saadallah, R. 116, 123
Sabatini, F. 486
Sachs, J. 618
Sadeq, A. 440, 568
Saeeed, A. 117, 118, 123, 130
Safari, Meysam 195–211
Sahlman, W. 354, 365
Said, P. 419
Saif, I. 632
Sakai, M. 425
Salakidis, G. 517
salam certificates (deferred delivery sale) 319, 326, 551–2
Salama, A. 468
sale contract (bay‘) see under structural compliance of Islamic finance with Qur‘anic interpretation
sale of goods on deferred payment basis at higher than cash price 121, 122–6
Saleh, N. 587
sale–repurchase agreements, derivatives 317
Samad, A. 367
Samuelson, P. 16, 52, 258
sarf contracts and exchange of currencies 325–6
Saudi Arabia
competitiveness ranking 279
legislative reforms 412–14
national market differences (Saudi Arabia and Malaysia) 372–4
sukuk and enforcement of judgments and awards 402, 411
savings 578, 651–2
Sayed, S. 492
scarcity and feasible allocations 95, 96–7, 100–103
Schacht, J. 255, 256
Schmidt, K. 367
science of economics see economics science. Muslim contributions to scientific methodology, failure of 49–50
screening for equities see globalizing investment funds, Shari‘a-compliance principles, screening and cleansing for equities
secular concerns, halal food industry 176–7, 183–4
‘secular humanist’ values, corporate governance principles 258
secular Muslim elites and corruption 529
secularization, and economic development 270
security and military functions of Islamic state, importance of 527
Seibel, H. 417, 423, 425, 430
Seikaly, S. 34
self-governance, gift economy 491
self-interest 97, 258–9
self-restraint and ethical standards 302
Sen, A. 48, 216, 304
Seoharavi, M. 37
service versus profit 63–4
Shahab, R. 460–61
Shaikh, M. 254
Shalaby, A. 68
Shaltut, M. 463–4
Sharabi, H. 37
share certificates, non-debt financing instruments 546, 548, 549
shareholder value and creative accounting 229
shareholders interests 248–9, 250, 258, 259–60
Shari‘ah law
accounting triangle compliance 238
compatibility, budget deficit and instruments of public
borrowing 545, 547, 550, 552, 553, 554–7, 559
and economic role of the state 499–502
and female labor force participation 214
social capital levels 277
social justice implications, budget
deficit and instruments of public
borrowing 557–8, 559
social responsibility
accounting triangle and corporate
disclosure 235
corporate governance principles,
Western and Islamic systems
compared 260
corruption, tackling 293, 299
moral hazard in profit–loss sharing
contracts 356–7
profit and social considerations 92
social security and poverty see poverty
and social security
socialism 37, 512
socio-economic development 36, 38,
468
socio-economic profile of Muslim
countries 195–211
arable land availability 196, 197
banking reforms 207
currency management 206–7
demographic profile and clash of
civilizations fear 196
educational achievement and literacy
198–9, 200
electricity consumption 197–8
external debt and reserves 208
food production index 197
health spending as percentage of
GDP 200
human development index 195, 209
income levels 198, 199
infant mortality 200
inflation rates 206, 207
life expectancy at birth 200
Muslim occupation of physical
environment 196
natural resources, access to 197, 198,
200
physician numbers 199–200
population density 196, 197
public spending on education as a
percentage of GDP 199
road density 197
school enrollments 199
settlements of land divisions 196–7
stock market capitalization value 207
urbanization 197, 198
water resources 197, 200
socio-economic profile of Muslim
countries, employment, economy
and income distribution 201–6
age distribution 201–2
domestic borrowing 204
economic growth rate 205
economically active population
201
export levels 203, 206–7
foreign-currency debt 204, 208
import levels 202–3
income inequality 205–6
industrialization 203–4
merchandise trade 203–4
multinational corporations (MNCs)
involve and FDI 204
national income and production and
GDP proportion 202
per capita income 204–5
poverty levels 205–6
resources in value-added processing
203
unemployment rate 201
wealth distribution 204–5
Solé, J. 326
Sourial, M. 243
Spengler, J. 41
Spierings, N. 212, 213, 215
Stackhouse, M. 271
stagnation of Islamic economies,
modern explanations of 594
state, economic role see economic role
of the state
state borrowing, effects of 650–51,
653
state development stages 528
Statman, M. 388
Steiner, P. 23
Stern, N. 463
stewardship, agency versus stewardship
theory 258–9
Stigler, G. 52
Stiglitz, J. 82
stimulus packages and budget deficits
653
Stockhammer, E. 649
Stork, M. 254
Strenger, C. 250
structural compliance of Islamic finance with Qur’anic interpretation 153–72
agreed credible interpretation of pertinent verses, absence of 153–4
artificial juridical personality of modern-day corporation, effects of 161
bay’, co-generation characteristic 158
bay’, correct translation, referring to all exchanges 158, 159
bay’, incorrect translation as ‘trade’ 155–6, 157, 158
bay’, posited distinction (tamyiz) of 166, 169, 170
compliance mechanism and industry standard setting bodies 153
fa’ida (term for interest rate), conceptual implications 162–3
futures sale, and exception under doctrine of extreme necessity 160–61
gharar (risk or uncertainty), prohibition of 156, 157, 161, 170
ijara (renting or leasing) as permitted contract 157, 158, 159, 161
interaction and co-generation 158–62, 170–71
lending risks 157
linguistic interpretation 162–3, 166
maysir (gambling), prohibition of 156, 170
Mudaraba (equity sharing with a sleeping partner) as permitted participatory contract 158–9, 161
Murabaha (fixed, certain, predetermined mark-up sale) as permitted contract 157, 161
Musharaka (equity sharing) as permitted participatory contract 158–9, 161
naf (term for interest rate), conceptual implications 162–3
nasi’a (permissibility of delay) 160–61, 167–9
philosophical interpretation 164–5, 166–7
posed generally applicable operative principles 170–71
profit–loss sharing as foundational principle 156–7, 158
ribh (term for returns and dividends), conceptual implications 162–3
scale of sin and scale of punishment inconsistency 154–5, 160
structural overhaul suggestion 170–71
theory development 165–9
tijara as sale 158
trade, sale and riba, characteristics of 155–7
ujr (fee- or salary-based contract) as permitted contract 157, 158, 161
usury, historical meaning of 155
structural compliance of Islamic finance with Qur’anic interpretation, riba
ex-nihilo creation and delay in settlement 167–9, 170
external characteristics of six commodities 166
linguistic trilateral root 163, 166
posed distinction (tamyiz) 166–9, 170
as prohibition of effect of a business transaction 159
Qur’anic generic applications 163
risk-free return 155, 156, 157
and self-generation in transactions 159–60
Sunnaic generic applications 164
Suarez, J. 361, 367
sub-Saharan Africa, Arab Spring, events preceding see Arab Spring, events preceding, sub-Saharan Africa
Subhani, Azeemuddin 153–72, 312
subscriber subscription services, globalizing investment funds 389
Sugden, R. 130
suht (earnings that destroy the Islamic way of life) 287
sukuk (fixed income bonds) 147–8, 375
sukuk (fixed income bonds), regulation and supervision 394–416
AAOIFI recommendations 403
asset ownership 398–9
diversification advantages 397
environmentally friendly business ventures 398
fiqh al-μuʿāmalāt (jurisprudence of transactions) 395
increased supervision, call for 403–4
issuance by issuer status 396
issue price determination 399
regulation and supervision, relationship between 399–404
role of law 401
Shariʿah compliance requirement 397–8
Shariʿah supervisory boards (SSBs) 395–6, 401–4
sukuk and bonds, differences and similarities 396, 397–9, 400
sukuk (fixed income bonds), regulation and supervision, preliminary legal issues 404–14
arbitration laws 413–14
defaults and nature of Islamic judgments and awards 405–7
dispute resolution 404–5
enforcement of judgments and awards 408–12
foreign judgments and wards, enforcement problems 409
international conventions 408–9
international reciprocity 408
investors domiciled in the GCC countries, concerns over 406
legal enforceability problems 407
legislative reforms in Saudi Arabia and UAE 412–14
Riyadh Convention 408–9
Sundararajan, V. 83
supervision board independence, call for 357
surpluses, economic 466, 555
sustainability concerns, microfinance 423–4, 430
sustainability investment 386
swaps 320–23
Swiss Re and retakaful product 478–9
Syauqi, A. 445
Syria
competitiveness ranking 279
microfunding 419–20, 425
waqf endowments 276
Tagatabaei, A. 288, 330
Tag el-Din, S. 252, 261
Taghavi, R. 252, 261
Tahir, S. 587, 652–3
Tanzi, V. 283, 285, 297
Tarantino, A. 264
Taseen, M. 55
Tawney, R. 15, 271
taxation
arbitrary taxation and appropriation avoidance claims 481–2
budget deficit and instruments of public borrowing 549, 555
economic role of the state 501–2
economics science, Muslim contributions to 22–3, 34–5
faʿi (tax on booties of war) 272–3
fīṣya (head tax) 272
khāraj (tax on economic surplus from cultivated land) 460–63
limited, and hīfs al-nasl (protection of future generations) 514
and morality 272
tax farming 576
tax incentives, Turkey 484–5
on trade, and hīfs al-māl (protection of property) 506
and zakat (religious levy) 455–60, 462, 470–71
Taylor, C. 301
third-party guarantees 148–9, 543–4, 559
Thomas, A. 587
Thomson, J. 302
Tilman, R. 284
time value of money and rība see rība (interest), time value of money and discounting
Tomar, C. 507
Tomasi, J. 304
Toraman, C. 490
Toynbee, A. 58
trade
as alternative to interest, confusion over 442
compared to production processes
international see international trade
Trakic, A. 405
transparency requirements 350, 356–7, 389
Tredgett, R. 321, 329
‘triple bottom line’ agenda (economic, social and environmental) 250
Tripp, C. 272
trust, betrayal and abuse of 284, 291–2
trusteeship, globalizing investment funds 378
Tsubota, H. 329
Tully, S. 643, 646
Tunisia, Arab Spring see Arab Spring, events preceding
Turkey, gift economy and waqf (charitable trusts) 276, 483–5, 487, 488
Turner, B. 586
Turner, M. 299, 304
UAE
Airmec Dubai v. Maxtel International 412–13
competitiveness ranking 279
legislative reforms 412–14
regulatory framework of sukuk 402, 407, 411
Uberoi, P. 326, 329
ujr (fee- or salary-based contract) 157, 158, 161
UK
Charities Act 489
Islamic finance contract court cases 407
regulatory framework of sukuk 402
Ulwan, A. 444
Umar-bin-Khattab 290–91
Ummah and concept of brotherhood 60–61, 67, 252
Unal, M. 349
UNCITRAL Model Law on International Commercial Arbitration 413, 414
underdevelopment and Islamic institutions 593–609
collectivist versus individualist institutions 595–7, 607–8
contract enforcement institutions and Maghribi traders 596–7, 608
cultural and historical findings 593–4
European feudalism and Islamic slave soldiers 597–9, 605–6, 607, 608
inheritance laws and laws on partnerships, effects of 604–5
Islamic law and ‘long divergence’ 603–5, 606–7, 608
stagnation of Islamic economies, overview of modern explanations of 594
waqfs (pious trusts) and provision of public goods 603–4, 605
underdevelopment and Islamic institutions, religious legitimacy 599–603, 605–6, 607, 608
commercial interests, and Church–state relations in Europe 601
commercial interests, effects of changes in 600–601
economically inhibitive religious laws 600
political authorities, legitimization of 599–600
printed material, access to 601–2
underfunding, asset ownership and prohibition of leverage 316
UNDP Arab Human Development Report 610
unemployment 201, 213, 214–15, 217, 449
urbanization 197, 198
USA
financial regulations’ overhaul 640
tax and disclosure requirements 485, 489, 490–91
Usmani, M. 325, 326, 332, 380, 381, 394, 403, 437
usury, historical meaning of 155
Uwakwe, M. 214–15
Uzair, M. 39
Vadillo, U. 63, 241
Valerio, N. 515
value
creation factors, and derivatives
313–14
loans lacking in value-creation
136–7, 140–41
optimization, self-interest and altruistic features 97
resources in value-added processing 203
standards, and tackling corruption 301
Van Biema, D. 641, 654
Van Saanen, M. 567
Van Zanden, J. 598
Veatch, H. 301
venture capital 354, 355–6, 360–61
virtuous governance, effects of 524
Vishny, R. 249
Vizcaino, B. 408
Vogel, F. 315
Voll, J. 531, 536
voluntary collection agencies 274–5
voluntary sector 83–5
voluntary trusts see waqf
wadi‘ah (early payment), public debt
modes and certificates 550, 551
wages 30, 118, 121–2, 215
Walijullah al-Dahlawi, Shah 447
Walsh, V. 94, 95
Wan-Jan, W. 250
waqf (charitable trusts)
and gift economy see gift economy
and waqf (charitable trusts)
hifes al-mal (protection of property) 508
and morality 275–6
and provision of public goods 603–4, 605
versus banks 61–3
voluntary and philanthropic, and budget deficit 542
waste, excess and waste, avoidance of 54–5
water resources 197, 200
water scarcity, and population growth see Arab Spring, events preceding, population growth and water scarcity
Waterman, A. 586
Watt, W. 524, 537
wealth
capitalism and pursuit of wealth 47
creation, macroeconomic approach 341–2
dual nature of 51
excess wealth, spending on others 56–8, 60, 61–2
justice and fair distribution of wealth 377
overcoming love of 51–2, 57
purifying from disrepute 464–5
redistribution 204–5, 272, 377, 454–5, 467, 583–4
and zakat see zakat (religious levy)
Webb, S. and B. 448
Weber, M. 15, 47, 51, 271, 567, 593
Wehr, H. 162, 163, 169
Weiss, B. 169
Western world
corporate governance see corporate governance principles, Western and Islamic systems compared; corporate governance principles, Western perspective
democratic systems, standards incorporated in 285–6
ethical investment comparison see globalizing investment funds, Islamic and Western ethical investment, comparison of imperialism, effects of 513–14
and Islamic approaches, differences between 299–303
means-tested transfers, and zakat comparison 468–9
political independence from 530–31
power monopoly, weakening 73–4
rationalism and Islamic view, differences between 230
trust law 481
see also Christianity; Europe
Whittington, G. 247
Wiglesworth, R. 407
Willett, R. 235, 249, 258
Williams, A. 130
Wilson, Rodney 268–82, 371, 419, 424
Wilson, T. and D. 448–9, 450
Wink, A. 506
Witham, L. 567
Wogman, P. 271
Wohlers-Scharf, T. 577
Wolf, T. 284

women
discrimination against 629
labor force participation see female labor force participation

Yemen, microfinance 420, 425
Yosha, O. 367
Yousef, T. 366
Yousfi, Ouidad 353–69
Yunis, H. 376

Zadkovich, J. 414
Zaheer, K. 120, 130

zakat (religious levy) 71, 72, 75, 78, 83
accounting triangle, measurement, disclosure and enforcement 234, 235
and morality see morality and economics, zakat (wealth tax)
and social security see poverty and social security, zakat (religious levy) as basis of social security
zakat (religious levy) and economy 453–74
appropriate base of zakat 463–5, 468
and classical taxation system 455–9
collection in kind relative to cash, concerns over 467
contemporary perspectives 460–63
economic growth contribution 467
fay (properties or tribute acquired peacefully) 458–9
as fiscal tool 467
ghanima (spoils of war) 457–8
investment in productive activities 467

kharaj (tax on economic surplus from cultivated land) 460–62
kharaj (tax on economic surplus from cultivated land), arguments against 462–3
as levy on net worth 465, 467
mandatory nature of 455–7
non-Muslim citizens and discrimination concerns 469
potential of 466–9
poverty alleviation 467
proposal for reviving 469–71
public confidence in government’s use of funds, lack of 468
purifying wealth from disrepute 464–5
Qur’anic interpretation on classical taxation 459–60, 462
Qur’anic interpretation, need for further 463–5, 467
redistribution of wealth 454–5
as redistributive mechanism 467
religious centrality of 453–5
socio-economic development investment possibilities 468
taxation in addition to zakat 466
taxation and afw (economic surplus) 466
taxation system integration proposal 470–71
Western means-tested transfers, comparison with 468–9
Zaman, Arshad 587
Zaman, Asad 45–70, 568, 587
Zaman, Nazim 568
Zarqa, A. 59, 93, 98, 99, 100, 124, 127–8, 129, 460, 468
Zincir, R. 484
Zuboff, S. 63
Zürcher, E. 516