

Islamic Economics, Development and International Relations:

**What is the Effect of the Waqf System on the Development of Economies in the Middle
East and Their Relations with the West?**

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Introduction

The waqf system is a part of Islamic economics and is utilized as a vehicle for the provision of public goods and has long been employed across the Middle East. The Islamic economic system consists of various practices including the system of inheritance and the lack of corporations which are regulated by Shari'a and Islamic jurisprudence. While each aspect of Islamic economics is important and provides great insight into the Middle East, the waqf institution, particularly, has been cited as instrumental for its qualities of poverty alleviation. Moreover, other benefits of the waqf system are the economic security and economic integration brought about by its implementation. However, it has also been criticized for its inefficiency and lack of modernity as well as its prohibition of resource pooling. The waqf has both benefitted and hindered Middle Eastern economies.

Timur Kuran, a leading scholar on Islamic economics, has written much on the subject of the waqf as part of the greater Islamic economic system. Kuran argues that the divergence in the paths of development taken by the West and the Middle East help to explain underdevelopment in the Middle East. That is, the lack of development in the Middle East is attributable to the employment of Islamic economics. Prior to the Industrial Revolution that swept through Europe and led to its vast economic development, the Middle East shared economic practices with its Western and Far Eastern counterparts. Once an economically advanced region of the world, the Middle East was unable to "match the institutional transformation through which Western Europe vastly increased its capacity to pool resources, coordinate productive activities and

conduct exchanges.”¹ As the West continued to progress in its development, the Middle East continued to be stagnant on into the 21st century and is now known as an underdeveloped part of the world. Ultimately, the 20th century forced the Middle East to follow in Western footsteps. Modernization and economic development made Westernization unavoidable. Even now, as development has begun to occur, “the poorest countries of the world contain disproportionately many with predominantly Muslim populations.”² Much is known of the Western development path; it is used as a model in other parts of the world. However, Middle Eastern development practices are less clear. Kuran explains that there are three parts of Islamic law which hindered economic development in the Middle East: the system of inheritance, the lack of concept of corporations, and the waqf system.

The purpose of this research is to examine the waqf system in the Middle East and understand the implications of the implementation of Islamic economics on development in the Middle East as well as on international relations, both in the region and abroad. I hypothesize that Kuran has failed to recognize the beneficial facets of the waqf system. That is, I believe that the waqf has been both an advantage and a detriment to the development of Middle Eastern economies. Moreover, I hypothesize that the use of the waqf, as part of Islamic economics, has worked to integrate the region while creating further divisions between the West and the Middle East. To carry out this research, I will first provide an explanation of Islamic economics according to Islamic law. Then I will review the literature on the consequences of the implementation of the waqf system. Next I will evaluate the impact of the use of the waqf on the

¹ Timur Kuran, "Why the Middle East Is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation," *Journal of Economic Perspectives* 18, no. 3 (2004).

² Timur Kuran, "Islam and Underdevelopment: An Old Puzzle Revisted," *Journal of Institutional and Theoretical Economics* 153, no. 1 (1997).

development of the region. Finally, I will explore the implications of the waqf and its impact on development on international relations within the Middle East and with the West. Through the examination of the waqf, its implications on development and international relations, I hypothesize that I will find the dualistic impact of the waqf on development and international relations.

Fundamentals of Islamic Economics

As previously mentioned, the waqf is part of Islamic economic practices that are included in Islamic law and dictate inheritances and economic partnerships or the lack of corporations. The inheritance system is multifaceted and takes into account gender, age and dependents. However, it has been used to maintain family wealth and inhibit the distribution of property. Islamic law makes a distinction from Western practices of economic partnerships in that it prohibits the existence of corporations and prevents economic partnerships from becoming their own entity. Finally, the waqf is a vehicle for the provision of public goods in a decentralized manner. Understanding the inheritance system, Islamic economic partnerships and the waqf system as well as the fundamentals of Islamic economic law is instrumental in understanding the impact of the waqf on development and international affairs between the West and the Middle East.

Dating back before Islam, in the Arab world, as in much of the rest of the world, women were not considered heirs to inheritances. However, unlike much of the rest of the world, written wills were uncommon in the Middle East. As such, the Qur'an carefully outlines the division of one's estate in the case that a will does not exist. First all debts are paid and funeral expenses are covered. Then the rest is allotted according to the Qur'an: "Allah (thus) directs you as regards

your children's (inheritance): to a male, a portion equal to that of two females." (Qur'an 46:11)

The division of one's assets usually resulted in the division of one's property among family members.

"More significant here is that the system's mandatory sharing rule made it difficult to keep property intact across generations. A study on Egyptian landownership trends during the early twentieth century documents the fragmentation of arable land into uneconomically sized plots through the combined effect of population growth and the Islamic inheritance system."³

However, local traditions often overcame the specificity presented in the Qur'an. Fragmentation of arable land was frequently prevented by denying women their inheritance rights, pre-mortem gifts, and arranged marriages between heirs. The preeminent method used was derived from the Qur'an itself. While Surah Nisa clearly lays out the division of property and other inheritance, it does not provide a timeframe in which the division must occur.⁴

In Islamic law economic partnerships are the norm; there is no provision which indicates even the concept of a corporation. This is a clear distinction between European and Middle Eastern economic development. The Industrial Revolution marked the emergence of the modern corporation in Europe. A corporation is different from a partnership in that it "enjoys legal rights distinct from those of the individuals who comprise its membership."⁵ Because it exists as its own legal entity, a corporation may "possess property, sign contracts, file claims, and be

³ Timur Kuran, "The Islamic Commercial Crisis: Institutional Roots of Underdevelopment in the Middle East," *The Journey of Economic History* 63, no. 2 (2003).

⁴ Ibid.

⁵ Ibid.

represented in court.”⁶ Furthermore, any debt incurred by the corporation is not the responsibility of the members who comprise it, decisions do not require a consensus of members, and the entity continues living after the original owners die. These characteristics of a corporation directly conflict with Islamic notions of individualism, in terms of personal ownership and responsibility for one’s investments, and contractual law. Islamic partnerships recognize the members, but not the entity itself. “Islamic law recognized only flesh-and-blood individuals...their association had no legal standing of its own.”⁷ Moreover, as previously indicated in terms of inheritance, the alleviation of debt is a prerequisite to the division of one’s wealth. Islamic notions of partnerships ensure that each member is responsible for the partnership and that it does not take on its own entity.

As with all economies, Middle Eastern economies seek vehicles for the provision of public goods. Public goods are good that are non-rival and non-excludable. That is, one person’s use of such a good does not prevent any other person from using the good and that no one can be prevented from having access to the good. For example, public goods in the Middle East include mosques, schools and hospitals. Following the establishment of Islam, the waqf or “Islamic trust,” sometimes known as a “pious foundation,” emerged to fulfill these provisions. The latter understanding is derived from the fact that a waqf is governed by sacred laws and not because the entity is inherently religious or that it only benefits Muslims. The idea of the waqf as an “Islamic trust” is consistent with the lack of a concept of a corporation.

⁶ Ibid.

⁷ Ibid.

“A waqf is an unincorporated trust established under Islamic law by a living man or woman for the provision of a designated social service in perpetuity. Its activities are financed by revenue-bearing assets that have been rendered forever inalienable.”⁸

Islamic waqfs were often created by economically stable individuals, often property owners, who sought economic security. The founders of waqfs were subject to reduced taxes and allowed to control the hiring practices to include family members, ensuring the maintenance of their wealth.⁹ However, ironically, while the Middle East is known for nationalization and weak economic activity in the private sector, this was not always the case. The waqf served to provide public goods in a decentralized manner. Because waqfs are, for the most part, immovable, a public good such as a school or a mosque was a good investment. Not only was the land preserved, but due to the sacred law which guarded waqfs, they were untaxable entities and “rulers were reluctant to confiscate their assets.”¹⁰ The tradition of the waqf as a common means for providing a public good came to an end. The 19th century ushered in a wave of European imperialism which forced the establishment of municipalities throughout much of the Middle East and resulted in a “formal repudiation of the waqf system in favor of government-coordinated systems for the delivery of public goods.”¹¹

Review of Literature

Poverty Alleviation

⁸ Timur Kuran, "The Provision of Public Goods under Islamic Law: Origins, Impact and Limitations of the Waqf System," *Law and Society Review* 35, no. 4 (2001).

⁹ Ibid.

¹⁰ Ibid.

¹¹ Ibid.

Most scholars of Islamic economic practices have praised the waqf among other components of Islamic economics, particularly, for positive byproducts. Among these, poverty alleviation is often categorized as a benefit of the waqf as a provision of public good regulated by Islamic practices. The waqf as a poverty alleviant operates in two ways. First, there is poverty alleviation that occurs naturally by way of the waqf working properly. Second, there is poverty alleviation that is a deliberate goal for which a certain waqf is made. This is often a means and justification for the continuing existence of the waqf system. Moreover, it is claimed as a way of maintaining charity over long periods of time. That is, the waqf is seen as an institution and instrument to combat poverty which is ongoing.

The waqf system is identified as both a simultaneous preventative and curative measure for poverty.¹² Poverty is understood as a larger phenomenon than simply having low income levels. There are many factors which contribute to poverty. These include factors such as low income, lack of education, lack of infrastructure and lack of health care.¹³ The aforementioned elements are also often included as other factors perpetuating the vicious cycle of poverty. The principal behind this concept is that low levels of income produce low levels of saving which produces low levels of investment which, ultimately, perpetuates the original low levels of income. This is often cited as occurring continuously, over generations. However, while income, savings, and investment are important in understanding poverty levels, the four factors provide a greater understanding. Therefore, poverty alleviation programs need to address the four factors which contribute to poverty.

¹² AbulHasan M. Sadeq, "Waqf, Perpetual Charity and Poverty Alleviation," *International Journal of Social Economics* 2, no. 1 (2002).

¹³ Ibrahim Nuruddeen Muhammad, "Scholars, Merchants and Civil Society," *International Journal of Social Economics* 26, no. 2 (2010).

Poverty alleviation programs which target lack of education, infrastructure and health care will work to address the poverty even without direct provisions for increasing income levels. Therefore, any programs or provisions that target income levels specifically would only bolster the improvement and alleviation of poverty which is accomplished from addressing the lack of education, lack of infrastructure and poor health.¹⁴ That is, programs directed towards increasing income would work through the creation of jobs, provisions of higher skill levels and a greater infrastructure. However, creating a greater accessibility to education, infrastructure and health care would, in turn, create higher income levels. That means it is important to take into account long-term implications. By providing individuals with the necessary skills to alleviate poverty through programs which address education, infrastructure and health care, the waqf serves to increase income levels. Thus, a more holistic and all encompassing approach to poverty alleviation is necessary.

It is important to distinguish between two forms of poverty alleviation that exist in Islam. While my focus is on the waqf system, another principal of Islam is zakat or almsgiving. Where zakat is a charity based form of poverty-alleviation, the waqf system is an institution for the provision of public goods.¹⁵ However, zakat is only required of those who are able to fulfill their own basic needs. These needs include food, shelter, education and health care. Therefore, the Islamic “concept of poverty and its approach to poverty eradication are multi-dimensional and comprehensive.”¹⁶ Moreover, where concepts of charity work towards addressing low income levels as part of poverty, the waqf addresses other aspects by providing access to education,

¹⁴ Ibid.

¹⁵ Ibid.

¹⁶ Ibid.

infrastructure, and health. Thus, the waqf is the more thorough and inclusive approach to the alleviation of poverty.

Inefficiency and Lack of Modernity

One of the main characteristics of the waqf system is that the entity itself or the waqf is not transferrable. Moreover, the waqf is often used to maintain property including agricultural land within a family. While this property of the waqf as a means of agricultural consolidation is valued and, therefore, the waqf as an institution persists, many of its other elements are seen as contrasting to the modern concept of the trust which is very flexible and has developed in times of change. That is, outcomes of the waqf have been “predictable” since its inception as there has been little change to the regulation of the waqf and “inability to adapt to modern conditions.”¹⁷ Because the waqf is guided by Islamic law which prevents any changes in the management of the waqf after its inception, the founder or manager of the waqf is unable to adapt to modern technologies or enhancements. Further, in today’s globalized society the ability to act on market values of supply and demand is extremely important because they depend on the ability to merge or take apart organizations for financial profit. The inability to adapt is the most recognized failure of the waqf. However, there is much debate about this as those who implement waqfs see the agricultural consolidation element of the system as beneficial in perpetuating familial ownership of land. In contrast, those who oppose the structure, regulation, and inability to adapt argue that the waqf’s ability to consolidate agriculture, by maintaining large plots of land within

¹⁷ Jeffrey A. Schoenblum, "Comparative Vehicles for Ownership and Administration the Role of Legal Doctrine in the Decline of the Islamic Waqf: A Comparison with the Trust," *Vanderbilt Journal of Transnational Law* 33(1999).

a single family, is a detriment to the development of society and market values of today's globalized society and is overall an inefficient structure.

The waqf is structured in a way which prohibits adaption with new developments. That is, the waqf system contract is created such that no one would be able to "alter its mission or form of management...if the founder had specified the workforce, one could not add new employees to meet a new need."¹⁸ Thus, the waqf and its participants were bound by the contract as originally defined. There is no possibility for change or adaptation to modernity. The waqf, among other institutions in the Middle East, is cited as being non-Western and immune to modernity. Moreover, this is seen as producing many inefficiencies and the promotion of more effective provisions for public goods. Thus, the inability of the waqf system as an institution to adapt to changes in technology and to accept modernity perpetuates inefficiency and traditional methods which are seen as outdated.

Resource Pooling

The waqf is also cited for its prohibition of the pooling of resources which exists innately within its structure. The ability to pool resources is fundamental to the modern economy in that it allows for the most effective and efficient economic decisions. For example, the merging of companies in order to serve customers more efficiently. Timur Kuran, one of the leading scholars in Islamic economics, explains the set up of a particular form of the waqf which existed in many varieties.

““Cash waqfs” had emerged as major sources of credit. Conceived as part of the waqf system (the vast system of Islamic trusts) these enterprises presented some bank-like

¹⁸ Kuran, "Why the Middle East Is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation."

features. Capable of making multiple loans at once, they earned returns by charging interest. Unlike a veritable bank, however, the cash waqf was not a legal person. This deficiency limited its flexibility. Most important, it hindered the pooling of financial assets.”¹⁹

While this may seem like a democratic, liberal idea in that it prevents the establishment of monopolies, it also prevents the waqf, and society at large, from adapting to changes and development. That is, “if a new technology made it optimal to operate on a large scale, small waqfs could not pool their resources through a merger.”²⁰ Therefore, the nature of the waqf argued against conventional, Western understandings of Westernization, modernization and development. Moreover, it also prevented “self-propelled financial modernization.”²¹ Thus, not only did the waqf institution create inefficiency, but it also prevented resource pooling, which creates economic inefficiency; both of these combined to limit the level of modernization.

Economic Security

The waqf system is interesting in that while the founders and managers benefitted from the creation of a waqf, it was also a sort of social and economic security in it provided them with a certain protection. Many of the founders of waqfs were rich land owners or other wealth owners of immovable assets. The waqf worked to provide the investor “economic security in

¹⁹ Timur Kuran, "The Logic of Financial Westernization in the Middle East," *Journal of Economic Behavior and Organization* 26(2005).

²⁰ Kuran, "Why the Middle East Is Economically Underdeveloped: Historical Mechanisms of Institutional Stagnation."

²¹ Ibid.

return for investments in public goods.”²² Therefore, the institution of the waqf system “promoted social services by providing their suppliers protections against revenue-seeking rulers.”²³ Moreover, the waqf provided the founders with “greater security of property and reduced taxation.”²⁴ In addition, because the founder of the waqf was left to decide how the waqf would be managed as well as who would be employed by the waqf, he could ensure high salaries for the workers and hire family members to manage the waqf. Aside from the structure of the waqf system, the significance of the entity as a part of Islamic economics gave it a level of sacredness in Islam which protected it from confiscation. This perpetuated the level of security the waqf provided to the founders which only further “bolstered the Islamic legitimacy of the waqf.”²⁵ Ultimately, the cycle of respect and security that ensures the “inviolability of the waqf made it all the more difficult for rulers to confiscate waqf assets without appearing impious.”²⁶ The institution of the waqf has long worked to provide the rich land owners and immovable asset holders the ability to secure themselves economically and socially through avoiding the rulers’ greedy hands while simultaneously ensuring economic security for their family for generations to come.

Economic Integration

²² Kuran, "The Provision of Public Goods under Islamic Law: Origins, Impact and Limitations of the Waqf System."

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

²⁶ Ibid.

The widespread implementation of the waqf during the early 1800s on into the mid-1900s has been cited as promoting economic integration of the region. Further, it is seen as movement of Pan-Arabism which has been linked to the idea of Pan-Islamism. The prevalent institution of the waqf is indicative of the nature of inter-state relations in the region. That is the existence of so many waqfs in the Arab world indicates that the Arab countries are working together to promote similar economic policies.

“Pan-Arabism and Pan-Islamism each aspire to provide a supranational ideal transcending individual states as a focus of identity capable of shaping ends and means of foreign policy.”²⁷

Despite the deeply rooted differences in the motivations of Pan-Arabism and Pan-Islamism, they serve as integrating forces. Where Pan-Arabism is a secular notion seeking unity of identity on the basis of a shared language and culture, Pan-Islamism created the same sense of unity for the Muslims based on shared religious beliefs. Pan-Arabism is often associated with the Palestinian cause as a display of solidarity, while Pan-Islamism was most prevalent in the region during and directly following the Islamic Revolution of Iran as well as during the Iran-Iraq war. The idea of Pan-Arabism is particularly relevant to the study of the use of waqfs as a force for economic integration. Moreover, the Pan-Arab movement is contrasted with individualist nationalistic movements that also emerged from the region; most notably the Palestinian nationalistic movement. For many years now, since the early 2000s, particularly following the September 11th attacks on the World Trade Center, Arabs and Muslims have felt that the invasion and wars are an attack on their identity. Thus, during this time Pan-Arabism and Pan-Islamism have gained a great deal of support. While the Pan-Arab movement has become popular once again, for a long

²⁷ James G. Mellon, "Pan-Arabism, Pan-Islamism and Inter-State Relations in the Arab World," *Nationalism and Ethnic Politics* 8, no. 4 (2202).

period of time it had remained very quiet. However, for a much of the region's history, the waqf served as a "means of solidarity and integration in the Arab world," which promoted economic development.²⁸ Thus, the waqf system as a form of economic integration has driven Pan-Arabism; this solidarity has encouraged development.

Development of the Middle East

Defining Development

There are many different understandings of the term development, thus development plans and projects are a product of the definition of development under which they were conceived. That is, some can understand economic development by equating it to economic growth. However, other conceptions of international development can include ideas such as political freedom and stability, human rights, social services, cultural changes and environmental preservation. Development is also often simplified to mean combating poverty through projects which seek to increase income levels. While income is related to poverty, there are other factors to take into account. These factors include lack of education, lack of infrastructure and lack of health care. Therefore, because development includes more than increasing income levels, it is necessary for development projects to aim towards providing education, infrastructure and health care. Because these elements are so closely linked to income levels, the provision of access to these social services will naturally increase income levels. Thus, it is fundamental to understand development as a comprehensive approach to poverty alleviation and not simply an issue of income or capital.

²⁸ Mostafa AbdelSalam, "The Activation of the Role of the Waqf in the Arab World," *Journal of King Abdulaziz University: Islamic Economics* 20, no. 1 (2007).

Impact of the Waqf on Development

The institution of the waqf has served as a vehicle for the provision of public goods in a decentralized manner. There are four main products of the implementation of the waqf: poverty alleviation, inefficiency/un-modern, economic security and economic integration. The waqf is both a preventative and curative measure of poverty alleviation which seeks to combat low income as well as lack of education, lack of health care and lack of infrastructure. In this way, the waqf system operates in a very comprehensive manner addressing both the causes and symptoms of poverty. However, the structures which exist for the creation and regulation of a waqf operate in a way which inhibits adaption to changes in technology or modern innovations and are by nature inefficient and lack modernity. Moreover, they are organized in such a way that changes to the original waqf cannot be made and, thus, the waqf cannot adapt to changes in technology or development. The waqf is also a means of containing wealth and providing land owners economic security as well as allowing them to evade taxes. Finally, the waqf has furthered the economic integration of the region and promoted ideas of Pan-Arabism. The byproducts of the waqf institution have impacted development in the region.

Before the 1800s the Middle East and the West mirrored one another in economic development. Where the West implemented its Industrial Revolution policies and pursued industrialized development, the Middle East continued to be guided by Islamic economic practices. The industrialization of the Western economies resulted in social, economic and cultural changes as well as many technological innovations. Moreover, the Industrial Revolution brought about the emergence of the modern capitalist economy. The Middle East, however, did not industrialize and, thus, because of this divergence, the Middle East, by comparison, became known as underdeveloped. However, the 20th century swept in an age of Westernization and

modernization in the Middle East. The waqf system is a fundamental tenet of Islamic economics. It is obvious that as a part of Islamic economics, the waqf served as a hindrance to economic development in a time where the West began to thrive economically because the waqf did not allow for adaptation according to modern innovations. However, that is not to say that the waqf or Islamic economics as a whole were a barrier to economic development.

The byproducts of the waqf institution provide a deeper understanding of the impact of the system on the development of the region. While the waqf as a part of Islamic economics has some barriers to economic development, the poverty alleviation aspect was extremely essential to maintaining and enhancing economic development in the region. The waqf as a tool for poverty alleviation served to address social, economic and political issues as a means instead of simply examining income levels. The inefficiency and lack of modernity along with the inability to adapt to changing ideas and technologies was, of course, a detriment to development in the region. The economic security which arose from the waqf system helped to maintain income and increase saving and, in turn, investment levels. This combats the cycle of poverty which is a barrier to development. However, the nepotism and inability to pool resources which accompanied the economic security hindered economic development. The economic integration of the region, in addition to the political integration, served to enhance development through the adoption of similar economic policies.

Thus, it becomes complicated to label the waqf system as either detrimental or encouraging economic growth in the region because it serves to alleviate poverty while exacerbating other aspects of development. Based on the nature of the waqfs structure which stands as a hindrance to development and the consequences of the waqf system which both prevent and promote development, it is difficult to say whether the waqf system hindered or

promoted economic growth in the Middle East. Rather, it is simply best to say there are aspects of the waqf system which have prevented economic development and there are other aspects which have worked to encourage economic development.

Implications on International Relations

Inter-State Relations in the Middle East

Since the founding of the Arab League in 1945, Arab nations have continued to integrate and improve relations with one another. This organization and implementation of shared economic and political policies is accompanied by the rise of the Pan-Arab movement. The relations between and among states in the Middle East and North Africa are strengthened by the existence of Pan-Arabism. However, during the early 20th century, the Middle East also saw the rise of nationalistic movements as a result of both Ottoman Empire rule and European imperialism and colonialism. That is, while nationalism has become a part of the character of many Arab states, this nationalism is paralleled by a deeper sense of Arab identity.

The waqf as a political and economic policy has influenced inter-state relations in the Middle East. The waqfs established by a state are representative of that state's identity. As the idea the waqf institution is so deeply rooted in Islamic economic practices and, thus, Islamic beliefs, nationalism in the Middle East was rooted in Islam, to an extent. Therefore, as nationalistic movements in the region spurred a larger Pan-Arabism, nationalism based, to an extent, in Islam, also created a Pan-Islamism movement. The waqf institution helped to give rise to ideas of nationalism, Pan-Arabism and Pan-Islamism.

The Palestinian cause as a symbol also created a deeper sense of collusion in the Middle East which speaks to the regional relations. This cause has become one of the primary examples

of Pan-Arabism and Pan-Islamism as movements of solidarity as a result of integration. The Palestinian cause itself is a nationalistic movement but receives support both from the Arab world, but also the Muslim world. These factors have helped to build a level of solidarity in the region and helped to integrate the different groups that reside there. However, the Palestinian cause is more than just a claim to Palestine as a homeland for the Palestinians. It has become a symbol for fighting Western imperialism and colonialism as well as cultural and economic influence. This anti-Western rhetoric in all of its elements has unified the region and continued to integrate it politically and economically, furthering the sense of solidarity.

There are many factors which have impacted inter-state relations in the Middle East. However, the waqf has been an instrumental in most Middle East countries as a unifying source because of its significance in Islam. The Western influence in the Middle East caused a reaction that sought to revert to the traditional Islamic economics, among other things. In the late 1800s and early 1900s, the Middle East struggled with both the Ottoman Empire's rule and Europe's colonialism and imperialism. As a result, the Middle East saw the rise of individual nationalistic movements. Moreover, these nationalistic movements were a part of a wider Pan-Arabism. Both the nationalist movements and the Pan-Arabism in combination with Islam created a Pan-Islamism movement. The continued use of the waqf system as a vehicle for the provision of public goods, for example, to regulate the Temple Mount in Jerusalem, has served to strengthen inter-state ties in the Middle East both through the establishment of organizations such as the Arab League and through nationalist, Pan-Arabism, and Pan-Islamism movements.

Western-Middle Eastern Relations

The waqf system and Islamic economic practices, more generally, have continued to impact that way in which the Middle East and the West interact. Pan-Islamism is a consequence of this economic system. The nationalistic movements and Pan-Arabism have also been impacted by the Islamic economic jurisprudence. Moreover, just as these movements have impacted inter-state relations in the Middle East, they also influence relations with the West. In addition, the idea of Palestine as a cause and symbol also play into this relationship. While the creation of the United Nations in 1945 sought to strengthen international relations, the creation of the Arab League, as a means to advance Arab interests, simultaneously further distanced the Middle East from the West. As previously mentioned, the Temple Mount in Jerusalem has been managed through a waqf since the time of the Crusades. The waqf has been extremely influential in dictating inter-state relations in the regions and relations with Western nations.

Europe was heavily invested in the Middle East through its colonial and imperialistic motivations. This spurred nationalistic reactions from the region. The nationalist movements in the Middle East as a response to colonialism harbored a deep resentment that became a part of the political discourse and has become imbedded into the foreign policy that emerges from the region. The interactions between the West and Middle East continued to be impacted by these emotionalized positions. Similarly, both in response to the Ottoman Turks rule and the European imperialism, a wider sense of Pan-Arabism emerged. This movement, too, is filled with a deep resentment for Western approaches to issues. And while Pan-Arabism has modernized and evolved with the changing times, it has maintained its separation from the West. Furthermore, Pan-Islamism was also a desire to return to the traditional practices of the region and continued to emphasize the Middle East's unique identity as individual and very different from the West.

As mentioned before, the issue of Palestine has become very fundamental to identity in the Middle East and the region's relations with the West. The 1947 creation of Israel is seen as an affront to both Palestinian national identity and Arab identity. Further, it signifies a betrayal of trust on the part of the West in promising the land to two peoples. However, Palestine is not simply seen as a nationalist cause, but also one relevant to all Arabs and all Muslims. Thus, it receives a great deal of attention in the Middle East and beyond. Palestine represents continued colonialism and imperialism through the Israeli occupation. That is, Israel is seen as both an entity in itself, but also a symbol for all that which is Western and, therefore, anti-Palestinian, anti-Arab, and anti-Muslim. These sentiments have become a part of the rhetoric of the discussion on Western-Middle Eastern relations.

Middle Eastern relations with the West have been greatly impacted by many factors, including the practice of the waqf. As previously established, the waqf is seen as uniquely Islamic. This imbedded association with Islam has impacted the way in which the Middle East and West interact. Islamic economic practices have, in part, influenced the emergence of nationalist movements, Pan-Arabism and Pan-Islamism in the late 1800s and early 1900s as well as the continued presence of these movements today through the use of integrative techniques. Moreover, the issue of Palestine as a state, as part of the Arab world and its relation to Islam have only further exasperated the delicate relationship. Palestine has become a symbol of Western imperialism and continued to breed resentment of the West. The management of the the Temple Mount of Jerusalem through a waqf has been a point of solidarity for Muslims. Further, Arabs find solidarity in the cause for Palestinian statehood. Thus, the practice of the waqf and the subsequent emergence of nationalist, Pan-Arab and Pan-Islamism movements have strengthened

inter-state relations in the Middle East while continuing to further complicate Middle East-Western relations.

Conclusion

The waqf institution is imbedded in a large system of Islamic economics which ensures that economic decisions are guided by Shari'a. The waqf is a vehicle for the provision of public goods through an Islamic means that eliminates the state as the provider but hands off the responsibility to land owners and other wealthy individuals. This system has been both praised and criticized for its ramifications. First, the waqf has been used both as a preventative and curative measure for poverty alleviation. It has been criticized as inefficient and lacking modernity. Furthermore, the structure of the waqf prevents resource pooling for the purposes of efficiency. However, it has been known to provide the founders and managers with a great deal of economic security. Finally, the waqf has served as a means of economic integration in the Middle East. Thus, the waqf has both benefitted and hindered Middle Eastern economies.

The literature on Islamic economic practices has focused on the waqf. Timur Kuran's writings examine the divergence of development in the Middle East as compared to the West. He argues that the underdevelopment of the Middle East is due to the implementation of Islamic economics. Further, he explains that prior to the Industrial Revolution, which led to industrialized development of Europe, the Middle East was on par with the West in terms of development as well as in comparison to the Far East. However, with the Industrial Revolution in Europe, the Middle East maintained Islamic economic practices, thereby creating a period of stagnation. This continued on into the 20th century. However, by the mid-1900s, the Middle East was forced to modernize and Westernize its economic practices. While it is clear how the

industrialization of the West impacted development, Middle Eastern development strategies are less clear. Thus, Kuran focuses on three aspect of Islamic economics which have hindered economic development: the system of inheritance, the lack of concept of corporations, and the waqf system.

This research examined the waqf system in the Middle East and the implications of its implementation on the development of the region as well as international relations. In this study, I first established an understanding of Islamic economics. Then I examined the literature regarding the ramifications of the implementations of the waqf system. I then explored the impact of the use of the waqf on the development of the Middle East. Conclusively, I analyzed the influence of the waqf system and its impact on the development in the region on international relations within the Middle East and in relation to the West. This research demonstrates that the byproducts of the waqf indicates that there are aspects of the system that are hindrance to development, but the poverty alleviation is extremely beneficial to development. Moreover, the waqf has strengthened inter-state relations in the Middle East while causing tension in Middle East-West relations due to the advent of nationalist movements, Pan-Arabism and Pan-Islamism in the Middle East.

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