

# Religion and Economic Practices in Southeast Asia

**After Beirut and Cairo, the ISIM held its third Sounding Board Meeting in Jakarta from 14-16 August 2000, in close with cooperation with the Center for the Study of Religion and Society (PPIM). Through these meetings, the ISIM aims to forge links with academic institutions in the South that are actively engaged in the study of contemporary developments in Muslim societies. Moreover, they provide an opportunity to discuss current and future research plans with academics and intellectuals.**

The three-day programme comprised a workshop (August 14) and visits to the relevant institutions (August 15-16). The primary objectives of the workshop were consultation and discussion of the possibility of conducting a larger conference on religion and economic practices in the Muslim world. Scholars and experts from Indonesia, as well as from Australia, Singapore, Thailand and Malaysia, participated in the discussions. The choice of topic was prompted by the intense economic activity experienced in Southeast Asia in the last decades of the 20<sup>th</sup> century, which has earned a number of economies in this area the sobriquets of 'Tiger' and 'Dragon'. Although the boom was followed by a dramatic crash, most economies in the region appear to be steadily recuperating. In many discussions, economic mechanisms in Southeast and East Asia were partly explained by reference to Asian values. Among Muslim populations, particularly in Malaysia, notions of what is called 'Islamic economics' became a topic of public debate. In Malaysia,

and to a lesser degree in Indonesia, some of these principles (particularly in the fields of banking and finance) were put into practice, thus following earlier experiments in the Muslim Middle East and Pakistan.

In his keynote speech, Dr Abdullah Saeed presented an overview of the Muslim discourse on Islamic economics. He reviewed the diversity of attitudes and approaches to modern issues and problems in the field. He argued that the basic tenets of Islamic economics merit further critical research. Dr Karnein, keynote speaker of the second session, reviewed *shari'a*-based economic activities in Indonesia. Both speakers highlighted the tensions between legalist and more society-oriented approaches to the issues of Islam and economy. The representatives of banks, insurance and welfare agencies all stressed that expert *shari'a* committees be formally involved in their activities in order to guarantee religious rectitude in accordance with *shari'a* requirements. A practitioner present felt that it was important to stress that *shari'a*-based economic activity in Indonesia was not simply a pious effort, but was in fact market driven. This is because a growing group of devout Muslims find it increasingly difficult to seek the services of non-Muslim financial institutions. Nonetheless, it was generally recognized that the

*shari'a*-based economic institutions are still in their initial phase and as yet only play a marginal role.

The various issues suggested as possible themes for a forthcoming conference can be summarized as follows:

- Islamic economics as a discipline: In recent decades Islamic economics has begun to be included in the curricula of universities in various Muslim countries. Several theories, models and legal instruments were offered by the Islamic economists as alternatives to the modern economic theories. Its efficacy as a discipline, however, is disputed – as is the term as such.
- The tensions between *shari'a* and state law with respect to economic practices.
- Islamic economics and the global economy: To what extent do global economic conditions allow space for experiments in the field of Islamic economics?
- Hermeneutics of Islamic economics: The problematic in interpretation of the authoritative sources (Qur'an, *sunna* and *fiqh*), which lie in the question of preference of legalism over societal orientation.

In all approaches, case studies of actual practice are to be included, varying from

grassroots welfare organizations to more formal institutions, like Islamic banks and *musharaka* companies.

In addition to the workshop, several institutions were visited; among them were IAIN, the Dompét Dhuafa of Republica, Takaful Insurances, the Bazis (Badan Amil Zakat Infak dan Sadaqah), and the *shari'a* branch of Bank Indonesia. ◆

## Participants

- Amin Aziz (*Bank Muamalat*)
- Masdar F. Masudi (*Pusat Pengembangan Pesantren dan Masyarakat (P3M)*)
- Murasa Sarkani Putra (*IAIN Jakarta*)
- Bakhtiar Effendy (*PPIM*)
- Azyurmardi Azra (*IAIN Jakarta*)
- Eri Sudewo (*Dompét Dhuafa*)
- Karnaen Perwata Atmajda
- Jamhari Makruf (*PPIM*)
- Hussin Mutalib (*University of Singapore*)
- Abdullah Saeed (*Australian National University*)
- Imtiaz Yusuf (*Assumption University, Bangkok*)
- Muhammad Khalid Masud (*ISIM*)
- Dick Douwes (*ISIM*)
- Mulya Serigar (*Bank Indonesia*)
- Nasirwan (*Bank Indonesia*)
- Hani (*Dompét Dhuafa*)