

***IDENTIFYING STRATEGIC ECONOMIC UNDERTAKINGS: TOWARDS THE
EMPOWERMENT OF THE UMMAH ECONOMY****

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Talking Points

1. *Why economic empowerment?*
2. *Sustainable Development & Maqasid Syariah*
3. *Defining Strategic Undertakings*
4. *Contemporary Money and Financial System*
5. *Characteristics of Our Economy*
6. *Potential Strategic Undertakings*
7. *Conclusions*

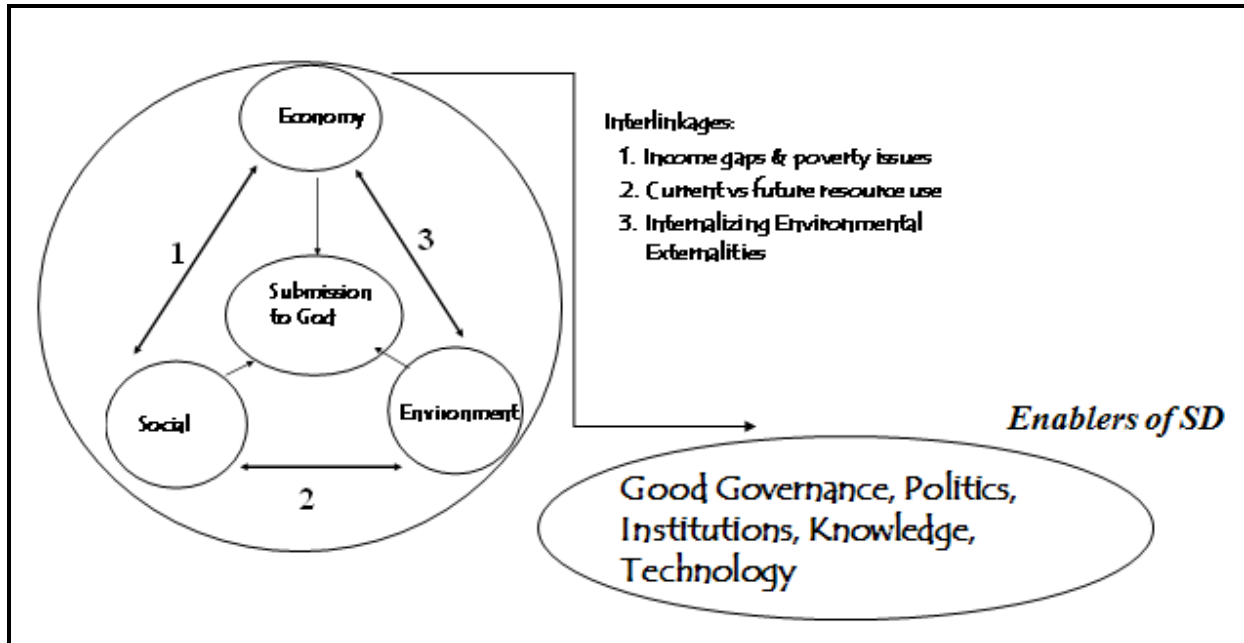
1. Why Empowering the Ummah Economy?

- Economic freedom – not economic hegemony!
- Religious freedom
- Political freedom
- Dignity, self esteem and respect
- Establish socio-economic economic justice & harmony – making the world a better place to live..

Important Premise for Economic Development

- The Notion of Sustainable Development
 - ✓ Balanced consideration of economic, socio-cultural and environmental goals
 - ✓ Macro and micro perspectives
 - ✓ Consistent with Syariah-based development worldview

2. Sustainable Development - Macro Perspective



Sustainable Development – Firm Level Perspective

- Social and environmental responsibility
- Maximizing profits subject to socio-cultural and environmental constraints

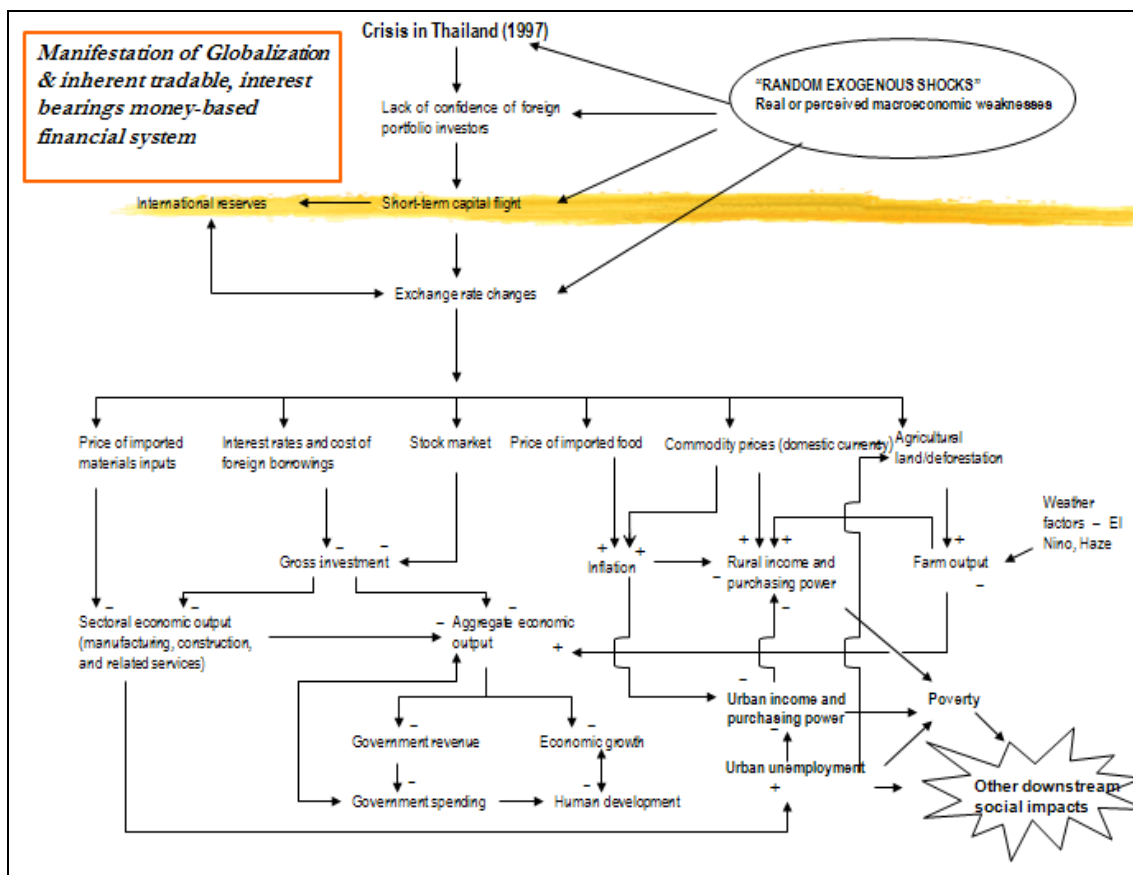
3. Defining Strategic Undertakings

- **What perspectives shall we take?**
 - ✓ *Fardhu kifayah* – minimum participation in all areas?
 - ✓ Increased involvement in areas critical to welfare – e.g. commanding the food supply chain, steel and cements industry?
 - ✓ Robustness and competitive - government links or fully private entity?
 - ✓ Reliance on indigenous resources and capacity?
 - ✓ Vertical integration?
 - ✓ Social objectives (e.g. employment) or profitability?

- ✓ National vs *ummic* interests

4. Contemporary Economic Issue - Causes of Financial Crises

- Fundamentally due to flaws in the conceptualization of money and its subsequent monetary & financial system
 - ✓ Trading of fiat money for profits & interest taking
 - ✓ Sophistication of financial instruments including debt securitization lead to perverse effects
- Not weak economic fundamentals!



FIAT Money & Human Welfare

- “Contemporary money and financial system through credit creation, interest taking, debt securitization and illusory value leads to overexploitation of environmental resources and unsustainable economic processes”
- “It’s the culprit to welfare degradation”

5. Understanding Our Economy

- Core entities within the economy - multinational companies
- Foreign direct investment is crucial
- Trading economy – dependent on trade
- Little vertical integration
- Little linkages with OIC economies
- Muslims participation (ownership) relatively small
- GLCs – main avenue for Muslims participation
- Indispensable roles of Petronas
- Vulnerable to “macroeconomic crisis” and economic sanctions (if any)

Decomposition of Malaysian Exports

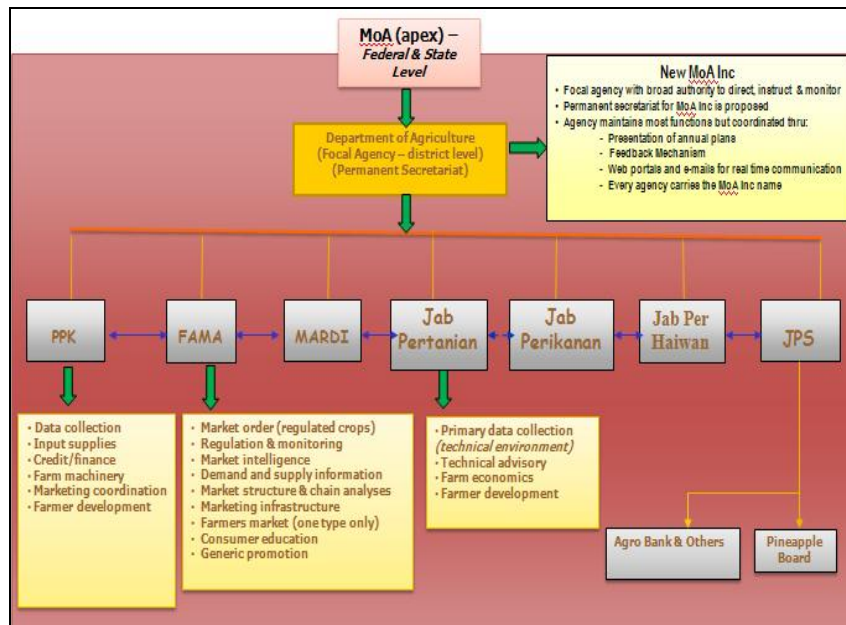
	Total Exports of MALAYSIA					<i>Total</i>
	Rest of the World	Turkey	Indonesia	Other Middle East	Other OIC	
Raw Agric Prod	0.891	0.016	0.027	0.047	0.018	1
Animal Prod	0.864	0.005	0.011	0.035	0.085	1
Forest & Fisheries	0.931	0	0.005	0.051	0.013	1
Processed Food	0.846	0.001	0.078	0.058	0.017	1
Textiles	0.946	0.009	0.01	0.015	0.019	1
Industrial Prod	0.967	0.004	0.011	0.012	0.006	1
Energy	0.981	0	0.013	0.004	0.002	1
Services	0.936	0.003	0.015	0.026	0.019	1
Vegetable Oils	0.733	0.013	0.003	0.077	0.175	1
<i>Total</i>	0.952	0.004	0.012	0.019	0.013	1

Source: Jamal, 2008

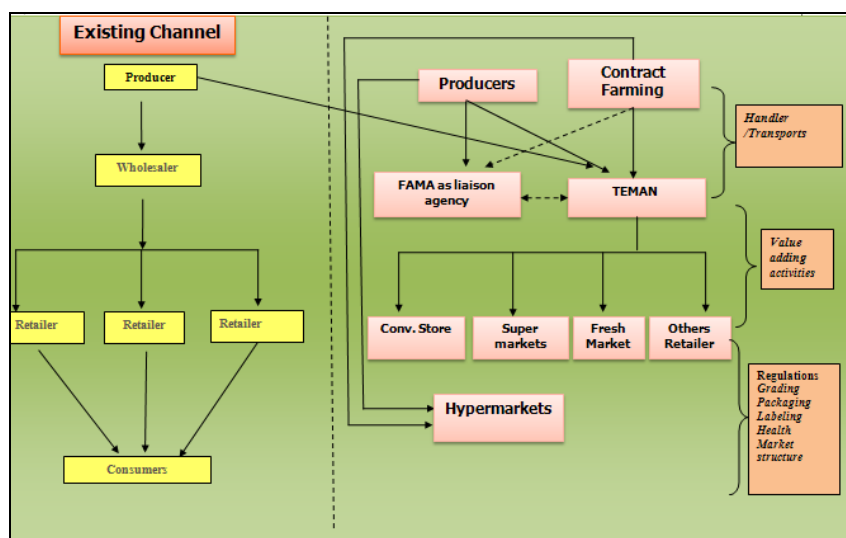
6. Potential Strategic Undertakings

- Enhancing SMEs (e.g. IPR, Web Portals) and professional services sectors
- Commanding the entire food supply change
- International networking for increased economic integration within OIC member countries
- Focus on regional ‘ummatic’ economic integration – Malaysia, Indonesia, Brunei
- Increased private sector initiatives

Strengthening MoA Inc – Towards Improvement of the Food Supply Chain



Enhancing the Food Supply Chain Channel



Strategic Undertaking - Education Towards Self Reliance

- Inculcating zeal and passion for self reliance and entrepreneurship amongst students in schools and institutions of higher learning
- Entrepreneurship course – a must for all university students
- Understanding the implication of self reliance, entrepreneurship, and economic freedom
- Understanding culture-economic performance

Strategic Undertakings in Syariah Finance and Banking

- Taking the lead in the development of a robust (syariah-based) international monetary & financial system through fundamental or basic research
- Improving the deficiencies in contemporary Islamic finance and banking
- Taking the lead in international forum, particularly in Islamic-based avenues such as OIC
- Enhancing other areas of Syariah-based development tools, e.g. the economics of zakah

Why Malaysia shall be a Model for Global Ummah Economy Development?

- Relatively economically developed - within OIC
- Strong advocates of good governance and best practices, e.g. Hadhari Approach
- A leader in alternative banking and finance
- Possess a multitude of tertiary level research & teaching institutions in Islamic economics – IIU, UKM, USIM, INCEIF, IKIM, ISRA - need to pool resources for a shared research indulgence

7. Concluding Remarks

- Economic empowerment is critical for economic freedom and dignity
- The sustainability principle shall be the basis for any economic venture
- Strategic undertakings - enhancing SMEs, food supply chain, and professional services
- Education for entrepreneurship and self reliance imperative
- Identifying niches and complementary products for global ummah economic integration

- Improve gaps & deficiencies in contemporary Islamic-based financial and banking system, including Zakah mechanism
- Malaysia ought to take the lead, who else will?