

THE INTERNATIONAL



**ISLAMIC FINANCE
FORUM**

New Markets

The Growth Imperative



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3 – 17 October 2008

Oranienburg Palace Kempinski Hotel
Istanbul, Turkey

www.iiff.com

- ***Qur'anic economics focuses on production activities***
 - ***By addressing start-up financing risk and hedging***
 - ***By promoting profit and loss sharing***
- ***Implies far less regarding commercial consumer lending—need for greater research and scholarship in this area***

The Noble Qur'an:

- ***Supports enterprise risk management based on dynamic market prices***
- ***Requires full and proportional risk assignment based on investment commitment shares***
 - ***Promissory values based on market conditions, and change with prices***
 - ***Liability proportional to investment***
 - ***Pushes responsibility and liability up from the bottom, rather than down from the top***

- ***Supports Venture capitalism: “And consult them in the matter . . .”***
 - ***Investors—not lenders, fund the enterprise***
- ***Provides foundational support for modern risk finance instruments, such as futures, money markets, options, and derivatives, stock options, and other risk hedging elements***

- ***Makes possible the funding of new enterprises and the development of new products***
 - ***Lenders can't lend where no history exists for market sector***
- ***Establishes the theoretical basis for all contract law and associated jurisprudence***
 - ***Contract law based on teaching to commit to writing tangible exchanges***

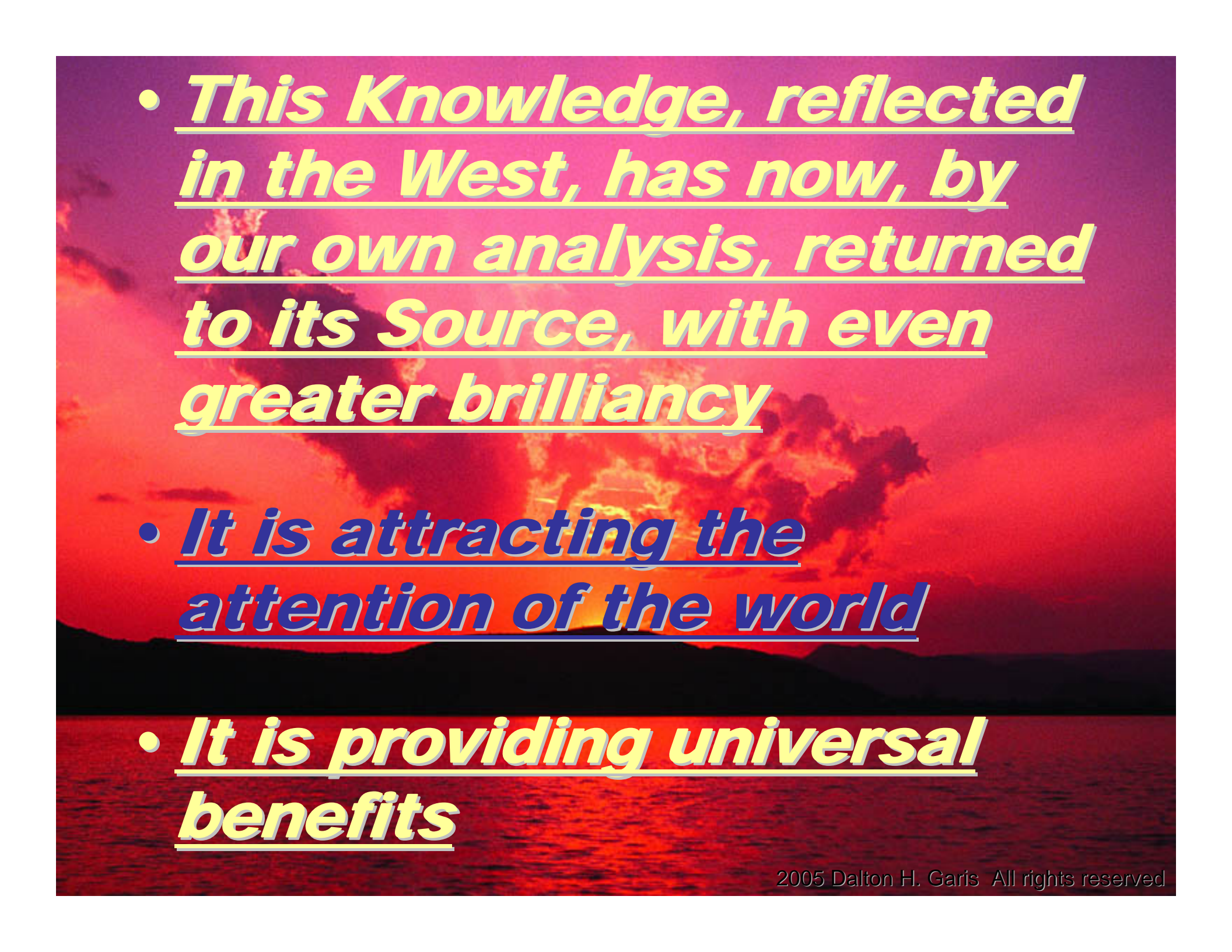
- ***Reduces enterprise start-up risk and increases probability of enterprise success***
 - ***By increasing human capital invested***
 - ***By reducing poorly planned launches***
- ***Enhances creativity and prudent risk-taking***
 - ***Management less brittle; combined human capital solves complex problems and novel challenges***

- **Sanctions and regulates three essential activities:**
 - **Production and wealth creation: applying value to resources to make finished goods of higher value**
 - **Consumption**
 - **Facilitative functions: facilitating production without itself directly creating new wealth, e.g., insurance, financing, banking**

- ***Facilitative functions are essential for economic life and societal welfare***
 - ***Governments facilitate economic activity and safeguard the social welfare of their citizens***
 - ***Banking, finance and insurance make production possible—and likely***
 - ***Price risks also require insurance: What will insure against adverse prices? Financial futures and derivatives, with which producers can offload (hedge) their price risks.***

- *The result is complete risk marketing, covering all adverse price risk contingencies affecting enterprises*
- *The joint stock corporation is the direct result of applying Qur'anic teachings to the economic world*
- *After 1400 years, we are now appreciating the marvelous complexity of Qur'anic economic applications. They are now seen to be the source of societal wealth*

- *The ROW has taken full advantage of these teachings, unaware of their divine Source*
- *The industrial and computer revolutions have been financed using a Qur'anic foundation for enterprise financing and risk management -- ***They would not have otherwise been possible of accomplishment****

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- *This Knowledge, reflected in the West, has now, by our own analysis, returned to its Source, with even greater brilliancy*
 - *It is attracting the attention of the world*
 - *It is providing universal benefits*



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